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The COMMERCIAL & FINANCIAL CHRONICLE

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# Our Reporter On "Governments"

The price level of United States Government securities is going to remain just about where it is today, if the Federal Reserve Board and Treasury can manage it. . . . They can. . . . And every investor in Governments, whether present or potential, may start working on the distribution of his bond portfolio with that basic consideration in mind. . . .

**These are strong words, but they appear justified by every indication in the market. . . . The Federal Reserve System's promise to buy all Treasury bills offered to it at a 3/8% rate. . . . The Reserve Bank's heavy buying of Governments in the open market during the days of the "tap" issue. . . . The obvious and warranted campaign of the Treasury in the newspaper columns of recent weeks to reassure all buyers of the stability of the market and the attractiveness of Government offerings. . . . The concerted efforts of all financial sources to put over Treasury issues with a bang. . . . The optimistic remarks of dealers on the long-term trend of the market even while they disclose signs of temporary weakness "inside." . . . All these are straws in the wind. . . . All are important. . . . All suggest that what ought to be troubling an investor these days is not the trend of interest rates (or, to put it another way, the trend of prices) but the best distribution of maturities and the wisest distribution of holdings generally. . . .**

And as for these points, it might be said that the advice of the American Bankers Association's Economic Policy Committee is worth serious study. . . . The committee favors the 10-year maturity range. . . . Suggests the Treasury sell banks securities with maturities up to 10 years and that the banks work out an average of about five years. . . .

That's for banks. . . . For corporations, the short-term issues plus the "tap" 2½s probably are best. . . . For individuals, there's nothing like the Series E bonds, or the other war obligations if the amount of investment is greater than permitted at the moment by law. (The tax-exempts might be considered too). . . . For insurance companies, the longer-terms, of course, are the answer. . . .

**A Ceiling On Rates**

And now to a story that is as important, this writer believes, as any new wrinkle in public financing operations. . . . To a development that has been given little attention because of the extraordinary interest in the tap 2½s. . . . And that is the Reserve Board's placement of a ceiling on short-term interest rates—which, in these days, we may consider is equivalent to a ceiling on long-terms too. . . . Especially since the system has become so adroit in its handling of open market buying operations. . . .

**When the board announced it would buy all Treasury bills offered at a 3/8% discount, it was definitely placing a ceiling on rates. . . . It was, in effect, setting a second discount rate. . . . It was reassuring investors that they need not fear a steady rise in short-term interest rates. . . . It was telling all of us that the advance in discount rates—from 0.195% in March to 0.335% at the end of April—had gone far enough. . . . It was making this significant move too at a time when the Treasury was getting set to increase its bill offerings from $100,000,000 a week to $250,000,000 a week. . . .**

(Continued on Page 1939)

# OUR REPORTER'S REPORT

Major institutional holders of railroad bonds are reported "culling" their portfolios with a view to disposing of substantial portions of carrier obligations that have been lugged along through good times and bad over a long period of years.

**Liquidation of this nature while not being unduly pressed is reported nevertheless to be persistent and doubtless accounts in no small measure for the hesitation which has been noticeable among such bonds in recent weeks.**

Insurance companies are understood to be especially active in that direction although "weeding out" has been going forward without much fanfare or discussion. The immediate outlook for a road is no criterion for judging its value as the story goes.

**Rather these institutions are concerned with looking beyond the war period and its abnormal traffic situation. Having gone through the long depression, the holders are no longer disposed to follow the old rule of holding bonds until maturity.**

Bonds of roads which are using the current "prosperity" to reduce their outstanding obligations and which in consequence will be in a position to earn fixed charges on a substantially smaller volume of business, naturally get preference over the less fortunately situated.

But quite evidently institutions are not disposed to regard the current situation as anything but temporary in duration, and their experience through the slump of the '30s is still fresh in mind.

**Public Service of Indiana**

That the underwriting fraternity has a vigorous appetite for new business goes without saying, particularly in view of the rush for the $4,000,000 of thirty-year

(Continued on Page 1935)

# Favors Large Increase, Rather Than Reduction In Number of New York Stock Exchange Seats

An increase in the number of "seats" on the New York Stock Exchange to a total of 3,000 was advocated on May 19 by Charles E. Merrill, senior partner of Merrill Lynch, Pierce, Fenner & Beane, rather than a reduction in the number of memberships on the Exchange to 1,300 as proposed by some members. The views of Mr. Merrill were expressed at Los Angeles, as to which special advices from that city to the New York "Times" said:

He would favor making seats available to men of character and ability with less emphasis placed on capital requirements, and, if necessary, with arrangements made to help new members finance their seat purchases.

His idea is to encourage as many as possible of the leading local investment houses throughout the nation to become members of the Exchange.

Mr. Merrill, who is here visiting the local offices of his firm, estimates that there are about 1,000,000 customers who make a transaction through the New York Stock Exchange once or more a year.

There are around 7,000 account executives available to handle the business of these 1,000,000 customers. Before many months have passed Mr. Merrill anticipates that this number of customers will double and consequently he figures that the number of account executives will also have to be materially increased to handle the business.

His idea of increasing the number of New York Stock Exchange seats is to provide every town of 20,000 population and up with at least one Exchange representative.

## Riter Elected Chairman

Henry G. Riter, 3rd, of New York, who is senior partner of Riter & Co., 40 Wall Street, New York City, was elected Chairman of the Board of Directors of Copperweld Steel Company at a meeting of the Board of Directors held in Pittsburgh. He has been a Director of the company since July 1, 1939. He succeeds William K. Frank, who resigned, and who is serving on the War Production Board.

## "Exchange" Publishes Commemorative Edition

In connection with its 150th anniversary the New York Stock Exchange has published a commemorative edition of its magazine, "The Exchange," which takes up new developments in securities ownership and in the dividend position of listed stocks.

The magazine also deals with the financial and economic history of the country and the Stock Exchange in four historical chapters titled:

Formative Years, 1792-1817.

Development Years, 1817-1867.

American Economy in Full Flower, 1867-1917.

The Mass Production Era, 1917-1942.

In the leading article, the contribution of the Stock Exchange to the growth of America is discussed.

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## NASD Committee To Raise Funds For USO

The National Association of Securities Dealers, Inc., announced the formation of the following committee in New York City to raise funds for the USO:

Richard C. Rice, Chairman, J. K. Rice, Jr. & Co.; Herbert Allen, Allen & Company; O. D. Griffin, Lord, Abbett & Co., Inc.; David J. Lewis, Paine, Webber & Co.; William Mueller, Jr., A. M. Kidder & Co.; Alexander Pinney, Craigmyle, Rogers & Co.; Henry G. Riter, 3rd, Riter & Co.; Clinton Shepperd, Swiss American Corp.; Joseph P. Simmons, Hart, Smith & Co.; P. J. Steindler, P. J. Steindler & Co.; Clarence E. Unterberg, C. E. Unterberg & Co.

## Changes Firm Name To Gatch And Company

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Gatch Bros., Jordan & McKinney and Crago, Smith & Canavan, St. Louis Stock Exchange firm, with offices at 418 Olive Street, have changed their firm name to Gatch and Company. Partners and personnel remain the same.

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# EASTERN SUGAR ASSOCIATES

## Both Preferred and Common Have Interesting Price Appreciation Possibilities

There is little question but that the $5 preferred stock of Eastern Sugar Associates, selling around 42, is an attractive purchase if viewed in the light of prospective earnings and dividend possibilities throughout 1942. Although dividends on the common stock appear to be remote, the stock, now at 10 or less should benefit substantially marketwise if anticipated earnings are any gauge of worth. The company's fiscal year ends on June 30, and earnings per share are expected to approach $11 or $12 on the preferred and between $4.50 and $5.25 on the common. In the 1941 fiscal year, $9.16 was earned on the preferred and $3.12 on the common. Both the preferred and common are traded over the counter.

The preferred stock has a peculiar requirement insofar as dividends on the common are concerned. The preferred was issued on Aug. 30, 1934, the date of reorganization of the old East Porto Rican Sugar Co. No dividend may be paid on the common until all dividends have been paid on the preferred since the date of issuance (Aug. 30, 1934); however, dividend arrears did not become cumulative until Aug. 30, 1937, three years after issuance. At the present, total arrears on the preferred are $19.17 per share, which arrears are calculated from Aug. 30, 1937. No dividends can be paid on the common, however, until an additional three years' dividend is paid on the preferred, thus meeting the requirement that preferred dividend from date of issuance be paid before the common can share in earnings. So far in 1942, $2.50 on account of arrears has been paid in two payments of $1.25 each—one on Feb. 10 and the other on May 11. If earnings approach expectations, larger payments appear in order this year.

Eastern Sugar Associates is one of the largest sugar producers in Porto Rico. It plants, raises and cultivates sugar cane, and manufactures and sells raw sugar. The greater part of its output is shipped to the United States, and since sugar entering this country from Porto Rico is duty free, Eastern normally has this advantage over the Cuban producers. The company's properties, located in Eastern Porto Rico, include four sugar factories — Central Juncos, Pasto Viejo, Santa Juana and Cayey—with combined annual capacity of 1,000,000 bags. Land holdings total about 51,000 acres, of which about 34,000 are owned and 18,000 leased. It is said that U. S. Government is negotiating for the purchase of some land owned by this company on an island off the East Coast of Porto Rico named Viequez, the land to be used in the expansion of our Porto Rican naval base. In the event the transaction is effected the company may realize a cash price in excess of $5,000,000 for the parcel sold. This would improve their financial condition materially.

In this connection, the subject of Porto Rican land legislation is an important consideration. The Porto Rican ownership-limitation law of 1900 restricts agricultural operations of corporations to 500 acres. Only in recent years has a strong effort been made to enforce the law. A land authority has been created whose purpose is to acquire land from holders of more than 500 acres. Land is supposed to be resold to cooperatives and small planters. Most of the Porto Rican producers contested the law, but the Porto Rican Supreme Court upheld it in March. Presumably, Eastern will be forced to divest itself of all its lands in excess of 500 acres—or about 33,500—unless the authorities make some other arrangements, which possibility does not appear likely. It is presumed that if the divestment goes through, Eastern, and the other Porto Rican producers also will find it more costly to purchase their requirements from the cooperatives than to grow the cane themselves. It is expected that some equitable price will be arranged for the properties, a large part of the financing probably to be arranged through a bond issue. This, of course, is problematical at the present, and any consideration of ways and means in this connection would be premature.

As stated at the beginning, the earnings outlook is bright. So long as the war lasts, exceptionally good earnings are in prospect for all West Indies sugar producers. These prospects have become enhanced for the Porto Rican companies, since supplies from the Philippines, which amounted to 854,000 short tons in 1941, have been cut off by the war, and it is estimated that imports from Hawaii (903,000 short tons last year) will decline to about 500,000 tons this year because of the shortage of shipping space. The Cuban crop for 1942 is expected to be 4,300,000 short tons against 2,700,000 in 1941. However, about one-third of the Cuban crop is to be diverted to the production of high-test molasses and only 1,070,000 tons will be available for United States consumption. The balance will be sent to the Allies.

The latest available balance sheet for Eastern Sugar Associates is for June 30, 1941. At that date, gross property account was carried at $13,012,000, which, after a depreciation reserve of $4,634,000, brought the net figure to $8,377,000. Net working capital at that time was $2,568,000. Total current assets were $4,612,000 and included cash $32,000, growing cane $669,000, compensation due from U. S. Government $417,000, and sugar and molasses on hand $2,640,000. Current liabilities totaled $2,043,000, of which the bulk represented bank loans of $1,671,000, one of $932,000 secured by sugar, and the other of $739,000 secured by a first mortgage on certain properties. In addition to the bank loans, there was a $100,000 mortgage in instalments beginning payable Dec. 31, 1942.

There are outstanding 107,736 shares of $5 preferred and 143,517 shares of common stock. The preferred is callable at 55 and entitled to 50 in liquidation. Both the preferred and common are held in a voting trust, the traded shares actually being known as shares of beneficial interest. The price record of the preferred and common follow:

| | Preferred | Common |
|---|---|---|
| 1942 | 49 -39 | 15 - 9¼ |
| 1941 | 39⅜-16¼ | 10¼- 5⅛ |
| 1940 | 31¼-16 | 14 - 5 |
| 1939 | 32 -12½ | 17⅜- 4 |
| 1938 | 20 -11 | 10⅝- 4 |
| 1937 | 48 -10 | 50¼- 5 |

## N Y Bond Club Names Gordon For President

Albert H. Gordon, of Kidder, Peabody & Co., has been nominated for President of the Bond Club of New York for the ensuing year, to succeed J. Taylor Foster, of Spencer Trask & Co. The election will take place at the club's annual meeting to be held on June 18.

Richard de La Chapelle, of Shields & Co., has been nominated for the office of Vice-President, the post held by Mr. Gordon during the past year. Ferris S. Moulton, of R. H. Moulton & Company, has been nominated for Secretary, and Henry G. Riter, III, of Riter & Co., for Treasurer.

Nominations for members of the Board of Governors, to serve three years, include Joseph A. W. Iglehart, of W. E. Hutton & Co.; Lee M. Limbert, of Blyth & Co., Inc., and George D. Woods, of The First Boston Corporation. Victor Schoepperle, of The National City Bank of New York, has been nominated to serve the unexpired term of Richard de La Chapelle. Continuing as Governors will be A. Glen Acheson, of F. S. Moseley & Co.; Charles F. Hazelwood, of E. H. Rollins & Sons, Inc.; Harry W. Beebe, of Harriman, Ripley & Co., Incorporated; Eugene R. Black, of The Chase National Bank, and Joseph H. King, of Union Securities Corporation.

Members of the nominating committee were Francis T. Ward, Chairman, Eugene R. Black, H. H. Egly, Gerald E. Donovan and Percy M. Stewart.

Thomas E. Dewey will address the Bond Club of New York at its next luncheon meeting to be held at the Bankers Club on May 28. J. Taylor Foster, President of the Bond Club, will preside at the luncheon.

## NY Municipal Club Renominates D. Wood

Overriding his personal wishes, the nominating committee of The Municipal Bond Club of New York has nominated David M. Wood, bond attorney, for reelection as President at the annual meeting to be held on Tuesday, June 16, 1942.

"During this next year particularly," says the report of the committee, of which Delmont K. Pfeffer, former President of the club, is chairman, "we believe our club should continue in office a man of recognized leadership in policies intimately affecting the municipal bond business."

Nominations for other officers and for members of the board of governors are: for Vice-President, Gordon B. Duval, of Halsey, Stuart & Co., Inc.; for Secretary, John J. Clapp, Jr., of R. W. Pressprich & Co.; for Treasurer, Fred W. Buesser, of the Chemical Bank & Trust Company; for Governors: LeRoy H. Apgar, of Harriman Ripley & Co., Inc., and Clifton A. Hipkins, Hipkins & Topping.

Members of the nominating committee, in addition to Mr. Pfeffer, are Orlando S. Brewer, of Phelps, Fenn & Co., and F. Bradford Simpson, Jr., of Lee Higginson Corporation.

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## Pope Made Director Of Commerce Ass'n

Allan M. Pope

The election of Col. Allan M. Pope as a Director of the Commerce and Industry Association of New York, Inc., was announced on May 14 by John Lowry, the Association's President. Col. Pope, who is President of the First Boston Corporation, will fill the unexpired term of Malcolm Muir, who recently resigned from the Board. Col. Pope is Chairman of the Association's War Service Committee, in which capacity he is heading the organization's program of cooperation with the national war effort.

## Detroit Bond Club To Hold Spring Outing

DETROIT, MICH.—The Bond Club of Detroit announces that its Annual Spring Golf Party will be held at the Orchard Lake Country Club on Friday, May 22nd. In addition to golf, tennis, baseball, swimming and horseshoes, there will be active trading following dinner.

Jones B. Shannon, Miller, Kenower & Co., is chairman of the entertainment committeee, assisted by Richard T. Purdy, First of Michigan Corp.; Howard Parker, M. A. Manley & Co.; Reginald MacArthur, Miller, Kenower & Co.; Julius Pochelon, Miller, Kenower & Co., and Charles C. Bechtel, H. V. Sattley & Co.

### Attractive Situation

Portland Electric Power Collateral Trust 6s of 1950 offer an attractive situation at the present time, according to a circular being distributed by Scherck, Richter Company, Landreth Building, St. Louis, Mo. Progress already made toward reorganization of the Portland Electric Power Company, and legislation recently introduced, whose enactment could cause a sharp rise in the price of the issue, are factors affecting this issue of the company. Copies of the circular describing the situation in detail may be had upon request from Scherck, Richter Co.

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## Promote Executives Of Bankamerica Co.

SAN FRANCISCO, CALIF.—Bankamerica Co., 300 Montgomery Street, announce that R. W. Wild, H. T. Birr and C. M. Glass have been elected Vice-Presidents. Mr. Wild will continue to act as Secretary-Treasurer of the company in addition to his new duties. Mr. Birr is in charge of sales for the northern division, and Mr. Glass is manager of the trading department.

Paul Muth was elected Assistant Vice-President, in charge of the San Jose Division; Stanley Ryan, Assistant Vice-President in charge of the Fresno Division; J. P. Colburn, Assistant Vice-President in charge of the Long Beach Division; S. Cleo Hunter, Assistant Vice-President in charge of the San Diego Division; William H. Bluhm, Assistant Vice-President in charge of the Beverly Hills and Santa Barbara Division; Chester V. Emmons, Assistant Vice-President in charge of the Reno, Nev., Division; Paul Royce, Assistant Vice-President in charge of the Los Angeles Sales Division, and Kirk C. Dunbar, Assistant Vice-President in charge of Pasadena Division.

Frederic E. Irwin and John Victor Petermann have been added to the firm's San Francisco sales staff. Both have had many years experience in the securities business, recently being associated with Franklin Wulff & Co., Inc.

## Fred S. Goth Joins Merrill Lynch Firm

ST. PAUL, MINN.—Frederick S. Goth, well known in Twin City brokerage circles, has become associated with Merrill Lynch, Pierce, Fenner & Beane, First National Bank Building. Mr. Goth was formerly manager of the bond trading department for Piper, Jaffray & Hopwood in St. Paul and prior thereto was manager of the Trading Department of the First National Bank of St. Paul.

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## St. Louis Traders Club Members In US Service

ST. LOUIS, MO.—The Security Traders Club of St. Louis reports that many of its officers and members are in the armed services of the country.

Edward E. Haverstick, Jr., G. H. Walker & Co., the First Vice-President of the Security Traders Club of St. Louis, has been commissioned to serve as Lieutenant in the United States Naval Air Corps. and is now stationed at Quonset Point, Rhode Island.

Frank E. Pelton, Jr., Third Vice-President, who was associated with C. J. Devine & Company as resident manager of their St. Louis office, has been commissioned as First Lieutenant in the Army Air Forces; he is now stationed at Miami Beach, Florida.

Another member of the club, O. W. Rexford, local representative of the First of Boston Corporation, has been commissioned as Lieutenant in the Army Air Forces, and he is now stationed at Wichita, Kansas.

C. Thomas Ayers is now with the Signal Corps located at Camp Crowder, Missouri. Mr. Ayers formerly was manager of the Trading Department of Taussig, Day & Company, Inc. Earl Essert is stationed at the U. S. Naval Air Base at Corpus Christi, Texas. Mr. Essert was formerly the St. Louis exchange trader at Semple, Jacobs & Company, Inc.

Joseph Bronemeier of Smith, Moore & Company, has been appointed Second Vice-President of the Security Traders Club, and Haworth Hoch, of McCourtney-Breckenridge & Company, has been appointed Third Vice-President, to serve the remaining part of this year's term.

## Washington Bond Club Cancels Annual Outing

WASHINGTON, D. C. — The Board of Governors of the Washington Bond Club announce, after serious deliberation, that in the interest of national conservation and economy this year's Bond Club outing, scheduled for June 12th, will be omitted. It was felt that with the recent gasoline rationing, the conservation of tires, and the absence of many members of the club in the armed services, it would be well to suspend the outing for the present.

## H. Giger & Staff With Selected Investments

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Harold Henry Giger and Richard S. Shoninger have become associated with Selected Investments Company, 135 South La Salle Street, Chicago, which is opening an office in St. Louis. Mr. Giger, a member of the St. Louis Stock Exchange, was formerly President of the dissolved firm of Giger & Co., of which Mr. Shoninger was Vice-President. Ralph T. Meyer and Sylvan N. Sandfelder, also formerly of the Giger & Co. staff, have become connected with Selected Investments Company.

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## N. Y. Commerce Ass'n Names New Directors

The election of four new directors to the Board of the Commerce and Industry Association of New York, Inc., was announced on May 19 at the annual meeting of the members. Three, elected at the meeting, to serve a term of three years, were:

F. J. Andre, President, Sheffield Farms Co., Inc.

E. V. O'Daniel, Vice-President, American Cyanamid Co.

Francis L. Whitmarsh, President, Francis H. Leggett & Co.

At the meeting, announcement was also made by John Lowry, the Association's President, of the recent election by the Board, of Col. Allan M. Pope, President of The First Boston Corp., as a Director to fill the unexpired term of Malcolm Muir, President of Newsweek, Inc., who recently resigned. Col. Pope is Chairman of the Association's War Service Committee, in which capacity he is heading the organization's program of cooperation with the national war effort. Also reelected at the annual meeting to succeed themselves as Directors of the Association were:

Samuel D. Leidesdorf, S. D. Leidesdorf & Co.

Jeremiah D. Maguire, President, Federation Bank & Trust Co.

William Fellowes Morgan, Jr., Chairman of the Board, Brooklyn Bridge Freezing & Cold Storage Co.

Laurence A. Tanzer, Tanzer & Mullaney.

Stephen F. Voorhees, Voorhees, Walker, Foley & Smith.

## Fahnestock Co. Adds Buttrick, Colloty

(Special to The Financial Chronicle)

NEW HAVEN, CONN. — Winthrop P. Buttrick and John J. Colloty have become associated with Fahnestock & Company, 205 Church Street. Mr. Buttrick was formerly for many years manager of the municipal department for The R. F. Griggs Company of Waterbury, with which Mr. Colloty was also connected.

### Bendix To Be Partner

Adrian A. Bendix will become a partner in Ralph E. Samuel & Co., 115 Broadway, New York City, members of the New York Stock Exchange, on May 22nd. Mr. Bendix will act as alternate on the floor of the Exchange for Harold Eliasberg.

## F. P. Amstrong Heads New Jersey Bankers

F. Palmer Armstrong, President of the Keyport Banking Co., of Keyport, N. J., was elected President of the New Jersey Bankers Association on May 16 at the closing session of their 39th annual convention at Atlantic City. Mr. Armstrong, who in the past two years has served as Treasurer and Vice-President of the Association, succeeds L. A. Chambliss, Vice-President of the Fidelity Union Trust Co., of Newark.

The Association elected to the Vice-Presidency Joseph G. Parr, President of the Trust Company of New Jersey, Jersey City, who was previously Treasurer, and named as Treasurer for the coming year Frank D. Abell, President of the First National Bank of Morristown. Three additions to the Association's Executive Committee were named. They were George S. Groff, Vice-President of the National Bank of Ocean City; John Annis, Vice-President of the Camden Trust Co., Camden. In addition retiring President Chambliss becomes ex officio a member of the Executive Committee.

The theme of the convention was the work of banks in New Jersey to speed victory through financial and credit aid to Government and war industry.

E. E. Agger, New Jersey State Commissioner of Banking, discussing the war problems of banking urged that bankers themselves take steps to withhold nonessential credit, so as to retard the inflation effect. He stressed the necessity for maintaining a sound banking structure. The incoming President of the Association, Mr. Armstrong, sounded a keynote of cooperation in Government financing as the theme of his administration. He pointed out that banks are going to be expected to take up some $20,000,000,000 in Government obligations during the coming fiscal year, and stated that this means three times the capital assets of each bank. "Thus," he said, "we are called upon to be a patriot, producer, prophet, regulating agency and bond salesman all at one time, besides running our own business in a better way than we have ever done before."

### Virgil Gates In Boston

(Special to The Financial Chronicle)

BOSTON, MASS. — Virgil C. Gates is engaging in a general securities business from offices at 53 State Street.

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## S. E. Firms Association Governors To Meet

Completion of arrangements to hold the next regional conference of the Board of Governors of the Association of Stock Exchange Firms in Philadelphia was announced on May 19 by Frank E. Baker, regional chairman in the Philadelphia district. The 30 Governors who will attend the morning and afternoon sessions on June 15 and 16, will come from all parts of the country. On June 16, members of the Philadelphia Stock Exchange will honor the group at a dinner in the Hotel Warwick at which Ganson Purcell, Chairman of the Securities and Exchange Commission, will be the principal speaker. Edgar Scott, President of the Philadelphia Stock Exchange, will preside as toastmaster. Other speakers will be Emil Schram, President of the New York Stock Exchange; James F. Burns, Jr., President of the Association of Stock Exchange Firms, and Edward Hopkinson, Jr., Chairman Eastern Pennsylvania Group, the National Committee of the Securities Industry for War Financing. Many prominent guests are expected to attend the dinner, including:

> Arthur H. James, Governor of Pennsylvania; Bernard Samuel, Mayor of Philadelphia; Robert L. Stott, Chairman of the Board of Governors of the New York Stock Exchange; John S. Fleek, President of the Investment Bankers Association of America; H. H. Dewar, President of the National Association of Securities Dealers, Inc.; Howland Davis, Executive Vice-President of the New York Stock Exchange; T. Jerrold Bryce, Securities Industry Liaison Officer of the War Savings Staff of the Treasury Department, members of the SEC and a representative of the Pennsylvania Securities Commission.

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# THE BOND SELECTOR

## REPUBLIC OF PERU

### Partial Interest Payments In View On Outstanding Dollar Bonds

Good news is in prospect for holders of Peruvian dollar bonds. As a result of recent closer economic and financial cooperation between the United States and Peru, the latter has agreed to resume, at an early date, debt service payments on outstanding dollar bonds. It is understood that preliminary discussions with the Bondholders Protective Council have already been initiated. Of course, it is to be expected that whatever payments are made will be relatively small, perhaps being somewhere between 1% and 2% annually. However, the step is encouraging, especially since coupons have not been honored in over ten years, and points to the willingness of Peru to meet its obligations as she becomes able.

As with most of the South American countries, Peru's 1941 favorable trade balance meant a good year all around. The 1941 favorable trade balance amounted to 136,300,000 soles compared with 87,100,000 soles in 1940. Of particular significance in this connection is the fact that the improvement was made despite lower gold exports. As a result, the country's foreign exchange position was strengthened, primarily in the closing months of the year when gold and foreign exchange holdings of the Banco Central rose by about 25%.

Peru's principal exports are agricultural commodities, and, unlike metals and petroleum which are worked by foreign capital, the farming business is largely owned by natives and the profits are kept in the country. The betterment in Peru's commercial balance in 1941 over 1940 was due almost wholly to the increase in cotton exports, of which Japan took over 60%. When the Pacific war broke out, it looked bad for the cotton crop, but this fear has been overcome by our agreement to purchase all the surplus cotton for the duration of the war. About 10% of the normal cotton acreage has been planted in flax, for which there is a good demand in this country, and the cotton crop will, in turn, be reduced by at least this amount.

In regard to exports of other commodities, the outlook is good. Among these are sugar and numerous strategic minerals, including copper, lead zinc, tungsten, antimony and vanadium. Oil, too, will be in demand by the Allies, who will, no doubt, take up the slack occasioned by loss of other customers.

Solution of and concrete agreements on Peru's economic problems were made after the arrival in Washington of that country's Finance Minister, Senor Dasso, some weeks ago. The agreements signed by Secretary Hull and Finance Minister Dasso included, most importantly, the following:

1. The Peruvian Amazon Corporation was organized for the purpose of hastening the production of wild rubber. This is being made possible through a fund of $1,125,000 made available by the United States for this purpose. At the same time, the Rubber Reserve Company agreed to purchase all of Peru's rubber production for five years.

2. Agreement for the purchase of Peru's surplus cotton by the Commodity Credit Corporation, previously referred to. At the same time, Peru agrees to reduce cotton plantings and to increase production of crops otherwise needed.

3. The establishment of a $25,000,000 credit to Peru through the Export-Import Bank to be used to assist the financing of purchases of United States materials and equipment for productive public works projects, and the development of agricultural, mineral and industrial production useful in hemispheric defense.

4. An agreement to send to

(Continued on Page 1944)

## Chicago Chapter A. I. B. Elects Foster President

The election of W. Leland Foster as President of the Chicago Chapter of the American Institute of Banking is announced. Mr. Foster is associated with the Federal Reserve Bank of Chicago. It is further made known that Andrew J. Paine of the Continental Illinois National Bank & Trust. Co. has been elected Vice-President of the Chicago Chapter and Frank C. Cole of the American National Bank & Trust Co. was elected Treasurer. This is learned from the Chicago "Journal of Commerce" of May 15 (in its column by Nancy McInerny) which also states that new directors of the chapter include Howard J. Johnson, American National Bank & Trust Co.; Edward J. Kucera, Pioneer Trust & Savings Bank; Kenneth G. Morton, First National Bank; Lester J. Norvell, Continental Illinois National Bank & Trust Co.; Theodore O'Bryan, The Northern Trust Co.; Arthur E. Urick, Harris Trust & Savings Bank, and George McCament, Federal Reserve Bank of Chicago.

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# PERSONNEL ITEMS

*If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.*

NEW YORK, N. Y.—**Coffin & Burr Incorporated**, 70 Pine St., announce that **Cabell Halsey** is now associated with them in their municipal bond department. Mr. Halsey was previously with B. J. Van Ingen & Co., Inc., and Emanuel & Co.

(Special to The Financial Chronicle)

BELLEVILLE, ILL. — **John L. Hemann** has become associated with **Selected Investments Company**, 135 South La Salle St., Chicago. Mr. Hemann was previously a Manager of the local office of Giger & Co.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Walter F.** Stevenson has been added to the staff of **Raymond & Co.**, 35 Congress St. Mr. Stevenson in the past was with Christianson, MacKinnon & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Robert B. Pennington**, formerly for many years with Patterson, Copeland & Kendall, Inc., and Halsey, Stuart & Co., has become affiliated with **Behel, Johnsen & Co., Inc.**, 29 South La Salle St.

(Special to The Financial Chronicle)

CINCINNATI, O. — **Griffith R. Dye** is now with **Merrill Lynch, Pierce, Fenner & Beane**, Union Trust Co. Building. Mr. Dye was previously with Otis & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Ellis W. Johnson**, formerly with Dean Witter & Co., has joined the staff of **Merrill Lynch, Pierce, Fenner & Beane**, 523 West Sixth St.

(Special to The Financial Chronicle)

PASADENA, CALIF. — **James Harrison Logan** has become connected with **Hill, Richards & Co.**, Citizens Savings Bank Building.

(Special to The Financial Chronicle)

PASADENA, CALIF.—**Andrew Boyd** has been added to the staff of **Merrill Lynch, Pierce, Fenner & Beane**, 523 West Sixth St., Los Angeles.

(Special to The Financial Chronicle)

PORTLAND, ME. — **Ralph G. Libby** has become associated with **J. Arthur Warner & Co.**, Chapman Building. Mr. Libby was previously with Baldwin & Co., and prior thereto with Southgate & Co.

(Special to The Financial Chronicle)

SPOKANE, WASH. — **Leo R. Duffy** is now with **Murphey, Favre & Co.**, Spokane & Eastern Building.

(Special to The Financial Chronicle)

TOPEKA, KAN. — **William L. Hamilton** has become affiliated with **Elmore, Heath & Co.**, Central Building.

## In Armed Forces

Floyd D. Cerf, Jr., of Floyd D. Cerf Company, 120 South La Salle Street, has enlisted in the United States Naval Coast Guard. He is located at the U. S. Coast Guard Training Station in Company F, at Curtis Bay, Md. He expects to remain there about a month and then leave on active duty.

Francis O. McDermott, a member of the Chicago Stock Exchange for more than 18 years, has been commissioned a Lieutenant in the Naval Reserve as an aviation volunteer specialist. He has left Chicago for a 30-day special indoctrination course at the naval academy at Annapolis.

Daniel Zick, Farwell, Chapman & Co., 208 South La Salle Street, has been commissioned a First Lieutenant in the Air Corps and is stationed at Miami Beach, Fla.

Henry Beissner, Jr., formerly a partner in Moroney, Beissner & Co., Esperson Building, Houston, Tex., has retired from the firm, having volunteered his services to the Navy, in which he is now a Lieutenant, junior grade.

## Thomas Swift Is Now With Brailsford, Rodger & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — Thomas L. Swift has become associated with Brailsford, Rodger & Co., 208 South La Salle Street, members of the Chicago Stock Exchange. Mr. Swift was formerly with J. H. Bell & Co. and Taylor, Duryea & Co.; prior thereto he was an officer of Drum & Co.

## Veteran Is Back In Army

CINCINNATI, OHIO — George H. Kountz, Manager of the Municipal Department of Einhorn & Co., Dixie Terminal Bldg., has been commissioned as a Captain in the Army Air Corps.

In World War I, Kountz served as a Sergeant in Co. F, 147th Infantry in France and Belgium, and was awarded the Silver Star, the Order of the Purple Heart, and the Verdun Medal.

Captain Kountz, who has been in the bond business for the past 20 years, is married, and has a ten-year-old son, Dick. He is to report for duty in Washington on May 27.

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# Tomorrow's Markets Walter Whyte Says—

**"Peace" rumors sweeping the Street. In the past everybody was concerned with war; they are now worried about peace. Market sell-off due to technical factors, not news. Consider near reaction "buy" point, not warning signal.**

*By WALTER WHYTE*

Wall Street is a strange place.

* * *

Before the war everybody went around with glum faces, worried about what the market would do if war would come. When it finally did come everybody was troubled about what stocks to buy. Finally, after due deliberation, the general consensus was that the favorites of World War I were the ones to buy. So right away the steels, coppers, airplanes and other immediate beneficiaries of the hostilities began running up like mad.

* * *

Then the Street started thinking about what would happen if the United States got into it. Well, today we are in up to here. But the war babies of yesterday are the neglected orphans of today.

* * *

As this is being pounded out on the typewriter, the Street has a new worry. This time it is Peace. Now everybody wants to know what will happen to securities if hostilities cease sooner than expected. This leads to other thoughts. A problematical peace is, according to rumors, just around the corner. Remarkable how the Street, with hardly enough business to open its doors mornings, gets all excited about a mythical "peace."

* * *

On what this latest peace talk is based is beyond me. That a great deal of it is based on Axis propaganda is probable. That some of it is due to wishful thinking, is also true. That the failure of the much vaunted German war machine to get going against the Red Army, is also partly responsible. Yet the failure of an offensive, or the success of one, doesn't make for an early peace. Wars are not begun or ended on battlefields. They start and end frequently on economic fronts. Germany didn't lay down its arms in 1918 because its armies were defeated in the field. It was the breakdown of civilian morale, brought about by economic pressure, that brought that war to an end.

If anybody thinks that such a condition is in the immediate offing in Hitler's Germany, they are mistaken.

* * *

Time and again I have read "expert" opinion about how Germany could not start a war, or fight it long, because of ersatz material; oil, aviation gas, rubber, etc., etc. Well, up to the time the Nazis ran into the Red Army, which by the way, not a military expert thought much of, she was doing all right. And so far as military experts go, it doesn't take much of a memory to recall the chauvinistic forecasts of our own officials in the Army, Navy and on the floor of Congress, who were so busy pooh-poohing the Japs and the possibility of being embroiled, that when war finally came, we were caught with our breeches at half mast.

* * *

The same is true of the stock market, though to a lesser degree. With peace murmurs all around us, the market is beginning to slip off from its highs. That this reaction is normal, as a recognition of previous resistance levels, is blithely ignored. People who buy and sell securities, always want reasons. The more fanciful these are, the better reception they get.

* * *

Yes sir, Wall Street is a strange place.

* * *

Last week I went out on a limb and advised the purchase of two additional stocks to the ones already recommended. But in spite of the recommendation, I warned that prices were then approaching a level from which a sell off was indicated. So far the sell off has not been serious. I doubt whether, based on recent action, it will be. But some side slip is in the offing, whether it be caused by news or be just a technical manifestation.

* * *

At this writing you still hold the following issues: Atchison at 35½; International Harvester 43; Union Carbide 59 and Western Union at 25½. Their critical levels still hold and until they are violated the advice to retain all positions continues in effect.

* * *

The two stocks recom-

(Continued on Page 1938)

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RAILROAD REORGANIZATION SECURITIES

# RAILROAD SECURITIES

The general defaulted rail market has been in the doldrums for about a month, with volume of trading off sharply and the usual trading favorities fluctuating in a fractional range. Such action was not entirely unexpected and many rail men are of the opinion that the overall tone may not show any significant change for another two weeks to a month. There have been two factors tending to focus speculative interest on other sections of the market, and away from the reorganization list which had pretty well monopolized attention for a year or more.

For one thing, there has been at least a partial clarification of the probable 1942 corporate tax picture, and it is now fairly obvious that the final bill will lay the greatest stress on drawing off excess profits. It will, therefore, work less of a hardship than the original Treasury proposals on public utilities and selected industrials with a favorable invested capital base. Many investors and speculators who had previously been switching from these utility and industrial equities into reorganization rails as a tax haven, and who have seen their former stocks sell off sharply in the interim have been switching back with substantial profits.

The second factor is that somewhat of a "peace" psychology has been developing ever since the beginning of spring, and buyers of rails have long been cautioned by uninformed sources to "beware of the railroads in a post-war economy." Neither of these factors is expected to be a market consideration for very long. Considering the magnitude of the war effort it must be obvious that further tax inroads into corporate earnings are inevitable in future tax bills, and the steady paring of dividends, already very much in evidence, will have a sobering effect on equities. At the same time, any rational appraisal of the status of reorganization bonds proves them to be outside the "war baby" class. Reorganizations have been set up on the basis of severe depression earnings with capitalizations deemed impervious to any post-war deflation. In fact, when contemplating the post-war potentialities, it is difficult to conceive of a safer haven for investment funds than reorganization securities whose present prices largely, or wholly, represent new bonds they are to receive.

At the same time that there have been developments tending to attract buying attention to other sections of the list, there has been little constructive news of a specific nature bearing on the reorganization picture. There have been no important interest requests lately, no important plans have been completed by the Commission, and there have been no court decisions bearing on reorganization procedure. This news stalemate is apt to be broken shortly.

The most important potentiality and one which should stimulate the entire list, is on the question of the invested capital base to be allowed reorganization roads. Informed quarters look for legislative action on this point some time in June. Action is generally expected to be favorable for the carriers, providing for an invested capital base independent of the new capitalizations allowed by the Commission. Such remedial legislation will relieve the roads from the threat of insuperable excess profits taxes inherent in present interpretations of existing tax laws. It will materially strengthen the position of the proposed new equities and should expedite a number of reorganizations where, as in the case of Misosuri Pacific, opposition of junior creditors has centered mainly around the inequitable tax burden faced by the reorganized company.

Other potential reorganization developments looked for in the near future include District Court decisions on the 'Frisco and "Rock Island" plans, a final Commission plan for Denver & Rio Grande Western, court confirmation of the Missouri Pacific plan on the basis of the creditor vote, a substantial interest request by "New Haven" and, possibly, a Supreme Court decision by June 1 on petitions for rehearings in the "St. Paul" and "North Western" cases. While none of these prospective developments will have as broad significance as the tax legislation, each will have some significance as bearing on the general reorganization machinery, and to that extent will have an influence on the entire market. It is on these bases that railroad analysts expect a broadening of the interest in the general list during the next few weeks, bringing to an end the unhealthy selective, and largely "rumor," market experienced in the recent past.

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## Tourist Gas Ration Cut

The Canadian Legation in Washington announced on May 12 that Canada would reduce the gasoline ration for American tourists entering that country, beginning May 15. This is the date that rationing of gasoline begins for nearly 9,000,000 motorists in 17 Eastern States. It is stated that the new Canadian regulations, issued by Oil Controller G. R. Cottrelle, will abolish the 20-unit coupon book which permits tourists in Canada for more than 48 hours to buy 100 gallons of gasoline and allows them to obtain a ration book with four coupon units sufficient to buy 20 imperial gallons.

## Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—40⅜, low—14¾, last—37.

## DIVIDEND NOTICES

### AMERICAN CYANAMID COMPANY

**PREFERENCE DIVIDEND**

The Board of Directors of American Cyanamid Company on May 19, 1942, declared a quarterly dividend of 1¼% ($.125) per share on the outstanding shares of the 5% Cumulative Preference Stock of the Company, payable July 1, 1942 to the holders of such stock of record at the close of business June 12, 1942.

**COMMON DIVIDEND**

The Board of Directors of American Cyanamid Company on May 19, 1942, declared a quarterly dividend of fifteen cents (15c) per share on the outstanding shares of the Class "A" and Class "B" Common Stock of the Company, payable July 1, 1942 to the holders of such stock of record at the close of business June 12, 1942.

W. P. STURTEVANT,
*Secretary.*

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### Bayuk Cigars Inc.

A dividend of thirty-seven and one-half cents (37½¢) per share on the Common Stock of this Corporation was declared payable June 15, 1942, to stockholders of record May 29, 1942.

Checks will be mailed.

John A. Snyder
TREASURER

Philadelphia, Pa.
May 15, 1942

**MAKERS OF PHILLIES**

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### ELECTRIC BOAT COMPANY

33 Pine Street
New York, N. Y.

The Board of Directors has this day declared a dividend of fifty cents per share on the Capital Stock of the Company, payable June 10, 1942, to stockholders of record at the close of business May 27, 1942.

Checks will be mailed by Bankers Trust Co., N. Y., Transfer Agent.

H. A. G. TAYLOR, Treasurer

May 15, 1942.

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### THE ELECTRIC STORAGE BATTERY CO.

Exide BATTERIES

The Directors have declared from the Accumulated Surplus of the Company a dividend of Fifty Cents ($.50) per share on the Common Stock, payable June 30, 1942, to stockholders of record at the close of business on June 9, 1942. Checks will be mailed.

H. C. ALLAN, *Secretary and Treasurer.*

*Philadelphia, May 15, 1942.*

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OFFICE OF
**LOUISVILLE GAS AND ELECTRIC COMPANY**
**CHICAGO ILLINOIS**

The Board of Directors of Louisville Gas and Electric Company (Delaware), at a meeting held on May 15, 1942, declared a quarterly dividend of thirty-seven and one-half cents (37½c) per share on the Class A Common Stock of the Company, for the quarter ending May 31, 1942, payable by check June 25, 1942, to stockholders of record as of the close of business May 29, 1942.

At the same meeting a dividend of twenty-five cents (25c) per share was declared on the Class B Common Stock of the Company, for the quarter ending May 31, 1942, payable by check July 28, 1942, to stockholders of record as of the close of business May 29, 1942.

G. W. KNOUREK, Treasurer.

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**OFFICE OF NORTHERN STATES POWER COMPANY (WISCONSIN)**

**Chicago Illinois**

The board of directors of Northern States Power Company (Wisconsin), at a meeting held May 12, 1942, declared a dividend of one and one-quarter per cent (1¼%) per share on the Preferred Stock of the Company, payable by check June 1, 1942, to stockholders of record as of the close of business May 20, 1942, for the quarter ending May 31, 1942.

N. H. BUCKSTAFF, Treasurer.

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## DIVIDEND NOTICES

### Imperial Oil Limited

**NOTICE TO SHAREHOLDERS AND THE HOLDERS OF SHARE WARRANTS**

NOTICE is hereby given that a semi-annual dividend of 25c per share in Canadian currency, has been declared, and that the same will be payable on or after the 1st day of June, 1942, in respect to the shares specified in any Bearer Share Warrants of the Company of the 1929 issue upon presentation and delivery of coupons No. 57 at:

THE ROYAL BANK OF CANADA,
King and Church Streets Branch,
Toronto, Canada

The payment to Shareholders of record at the close of business on the 18th day of May, 1942, and whose shares are represented by registered Certificates of the 1929 issue, will be made by cheque, mailed from the offices of the Company on the 29th day of May, 1942.

The transfer books will be closed from the 19th day of May to the 30th day of May, 1942, inclusive and no Bearer Share Warrants will be "split" during that period.

The Income Tax Act of the Dominion of Canada provides that a tax of 15% shall be imposed and deducted at the source on all dividends payable by Canadian debtors to non-residents of Canada. The tax will be deducted from all dividend cheques mailed to non-resident shareholders and the Company's Bankers will deduct the tax when paying coupons to or for account of non-resident shareholders. Ownership Certificates must accompany all dividend coupons presented for payment by residents of Canada.

Shareholders resident in the United States are advised that a credit for the Canadian tax withheld at source is allowable against the tax shown on their United States Federal Income tax return. In order to claim such credit the United States tax authorities require evidence of the deduction of said tax, for which purpose Ownership Certificates (Form No. 601) must be completed in duplicate and the Bank cashing the coupons will endorse both copies with a certificate relative to the deduction and payment of the tax and return one Certificate to the Shareholder. If Forms No. 601 are not available at local United States banks, they can be secured from the Company's office or the Royal Bank of Canada, Toronto.

Under existing Canadian Regulations:

(a) Payment of this dividend to residents of enemy or enemy occupied countries is prohibited.

(b) Payment thereof to residents of other portions of Continental Europe or of the French Empire and China is prohibited but such residents may direct the deposit to their credit in a Canadian Bank of all amounts payable to them.

(c) Other non-residents of Canada may convert this dividend at current Canadian Foreign Exchange Control rates into such foreign currencies as are permitted by the General Regulations of the Canadian Foreign Exchange Control Board. Such conversion can only be effected through an Authorized Dealer, i.e., a Canadian Branch of any Canadian Chartered Bank.

Shareholders residing in the United States may convert the amount of the current dividend into United States currency at the official Canadian Foreign Exchange Control rate by sending at their own risk and expense, coupons, or dividend cheques properly endorsed, to The Agency of The Royal Bank of Canada, 68 William Street, New York City, which will accept them for collection through an authorized dealer, or direct to any authorized dealer of the Canadian Foreign Exchange Control Board.

Shareholders residing in countries other than the United States to whom payment is not prohibited as above noted may convert the amount of the current dividend by sending at their own risk and expense, coupons, or dividend cheques properly endorsed to The Royal Bank of Canada, King and Church Street Branch, Toronto, Canada, or to any other authorized dealer or to The Agency of The Royal Bank of Canada, 68 William Street, New York City, U. S. A., with a request for a draft in such foreign currency as is permitted in settlement of same, but they should first satisfy themselves that this action is not prohibited by the Foreign Exchange Control Regulations of the country in which they reside.

By order of the Board,
W. J. WHITLING, Secretary.

56 Church Street,
Toronto 2, Canada.
15th May, 1942.

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### Magma Copper Company

**Dividend No. 79**

On May 19, 1942, a dividend of Fifty Cents per share was declared on the capital stock of Magma Copper Company, payable June 15, 1942, to stockholders of record at the close of business May 29, 1942.

H. E. DODGE, *Treasurer.*

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### The United Gas and Electric Corporation

**One Exchange Place, Jersey City, New Jersey**

May 13, 1942.

The Board of Directors this day declared a quarterly dividend of one and three quarters per cent (1¾%) on the Preferred Stock of the Corporation, payable June 20, 1942, to stockholders of record June 5, 1942.

J. A. McKENNA, Treasurer.

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### KENNECOTT COPPER CORPORATION

120 Broadway, New York City

May 19, 1942.

A cash distribution of twenty-five cents (25c) a share and a special cash distribution of twenty-five cents (25c) a share have today been declared by Kennecott Copper Corporation, payable on June 30, 1942, to stockholders of record at the close of business on May 29, 1942.

A. S. CHEROUNY, Secretary.

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**THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY**

**Washington, D. C., May 20, 1942.**

A dividend of $4.50 per share on the Preferred Stock of The Alabama Great Southern Railroad Company has been declared payable June 26, 1942, to stockholders of record at the close of business June 2, 1942.

A dividend of $4.50 per share on the Ordinary Stock has been declared payable June 26, 1942, to stockholders of record at the close of business June 2, 1942.

C. E. A. McCARTHY,
Vice-President and Secretary.

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## Bank and Insurance Stocks

### This Week — Bank Stocks

Further study of the earnings outlook for banks under the proposed 24% normal tax and 16% surtax confirms the probability of maintained or even moderately better earnings, depending on the volume expansion in earning assets, over the next year or so.

Volume expansion in holdings of Government securities, whether banks are volume-minded or not, appears inevitable in view of the magnitude of the War financing needs of the Treasury. With a deficit of $33,000,000,000 to finance for the 1943 fiscal year, the Treasury will have to rely on commercial banks to take a substantial portion of this financing. How much will depend on the amount of financing placed with non-commercial bank investors, including wage-earners through voluntary or even compulsory wage deductions for the purchase of War Savings Bonds and Stamps.

Central-Penn National Bank
Corn Exchange Nat'l Bk. & Tr. Co.
Fidelity-Phila. Trust Co.
Girard Trust Co.
Penna. Co. for Ins. on Lives etc.
Philadelphia National Bank
Phila. Transportation Co.
3-6s 2039, Pfd. & Common

**H. N. NASH & CO.**

1421 Chestnut Street, Philadelphia
*Phila. Phone* Locust 1477
*New York Phone* HAnover 2-2280
Teletype PH 257

The Economic Policy Commission of the American Bankers Association estimates that the commercial banks will take about $22,000,000,000 of the deficit financing. This compares with total earning assets of $51,000,000,000 for all commercial banks in the U. S., of which the sixteen New York City reporting member banks alone have about $12,000,000,000.

In addition to Government securities, loans for defense work may be stimulated sharply by the Executive Order dated March 26, 1942 followed by Regulation V, authorizing the War Department, the Navy Department and the U. S. Maritime Commission to guarantee bank loans made to firms working on contracts and sub-contracts on Defense production. This regulation and the Executive Order are designed to supply through banks the credit needs of many manufacturers whose credit rating ordinarily would not be good, but which is fortified by the Government guarantee.

Faced with this volume outlook, inhibitions against expansion must go. The FDIC has indicated that merely because the ratio of capital funds to deposits and earning assets is less than 10%, it will not be concerned, provided the quality of bank assets remains high. The Economic Policy Commission calculates that the estimated expansion in Governments would reduce the capital ratio from 9.9% June 30, 1941 to 8.1% June 30, 1943, and the capital ratio to earning assets, from 14.3% to 10.2%.

But, since the increased earning assets would consist mainly of Government securities, the decline in bank ratios would not indicate impaired soundness of the banks, the Commission declares, and proposes that the effect of the reduced ratios be allowed for by selling medium and short-term Governments to the banks.

And the normal peacetime legal restrictions on national bank loans, that they should not exceed 10% of capital and surplus, will not be applied to loans under Regulation V.

In view of both the pressure for volume expansion in War securities and loans, and the official release from peacetime investing limitations, individual banks must and are as a patriotic necessity participating to the fullest in the War effort. Nevertheless, it is apparent that banks must have the excess reserves with which to expand earning assets further for the War effort.

Excess reserves, for example, of New York City banks are down to $535,000,000, the lowest since March 9, 1938. At present expansion multiple of about 5:1, this would support theoretically a mere $3,000,000,000 expansion, compared to the $22,000,000,000 in Governments alone available for all banks (New York banks as a group are normally heavy buyers of Governments).

The Treasury, therefore, must sooner or later reduce reserve requirements or otherwise provide larger excess reserves for New York City banks. With combined normal and surtax scale of 40%, the net return on medium term Governments would not make it interesting to banks to have to borrow reserves at the Federal, where the borrowing rate on advances secured by Governments is 1%.

Assuming, therefore, that no impediments to volume expansion exist, it is probable that earnings of New York City banks could show moderate improvement over the next year despite heavier taxes.

For example, if New York City should take one-fourth of the $22,000,000,000 in Governments (not an extreme estimate), of medium term maturity, yielding average of say, 1% gross and .6% after 40% taxes, the $33,000,000 additional gross would amply offset the effect by heavier taxes of estimated 15% reduction in present operating earnings of about $89,000,000.

Even if the New York City banks took only $3,000,000,000 more in Governments—the indicated expansion power of their present low excess reserves—the improved gross would on the above basis be $18,000,000, or still about twice the $9,790,000 effect of a 15% estimated reduction of operating earnings caused by a 40% tax scale.

To the extent that the New York City banks took more Governments, or improved their yield on them, the above improvement in earnings could be bettered.

At present, the capital ratios of New York City banks are 12% of earning assets and 9.7% of deposits. A $5,500,000,000 expansion in Governments would mean capital ratio of 8.5% of earning assets, which would then consist of about three-fourths in Governments, of medium-term maturities.

The question arises: should dividends be reduced, in order to absorb the effect of the higher taxes; and any net earnings improvement from expansion then be added to the ploughed back earnings? It is obvious that no amount of ploughed back earnings is going to hold up the capital ratio in the face of mounting volume of earning assets required by the War effort.

In view of this, why reduce dividends when volume expansion in medium term Governments is likely to offset higher taxes and leave a margin for other costs? Many bona fide investors in bank stocks who have retained their shares because of their need for steady income—especially insurance companies and trust beneficiaries — are not primarily interested in growth in book value, from larger ploughed back earnings, as is evidenced by prevailing large market discounts of book values. The June dividend meetings of banks, therefore, are awaited with particular interest for indications of bank policy on dividends.

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### THE YALE & TOWNE MFG. CO.

On May 19, 1942, a dividend No. 207 of fifteen cents (15c) per share was declared by the Board of Directors out of past earnings, payable July 1, 1942, to stockholders of record at the close of business June 10, 1942.

F. DUNNING, Secretary.

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**Royal Bank of Scotland**
Incorporated by Royal Charter 1727

HEAD OFFICE—Edinburgh
*Branches throughout Scotland*

LONDON OFFICES:
*3 Bishopsgate, E. C. 2*
*8 West Smithfield, E. C. 1*
*49 Charing Cross, S. W. 1*
*Burlington Gardens, W. 1*
*64 New Bond Street, W. 1*

TOTAL ASSETS
£98,263,226

Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

---

**Australia and New Zealand**

**BANK OF NEW SOUTH WALES**
(ESTABLISHED 1817)

| | |
|---|---|
| Paid-Up Capital | £8,780,000 |
| Reserve Fund | 6,150,000 |
| Reserve Liability of Prop. | 8,780,000 |
| | £23,710,000 |
| Aggregate Assets 30th Sept., 1941 | £150,939,354 |

SIR ALFRED DAVIDSON, K.B.E.,
General Manager
Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.

LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1
Agency arrangements with Banks throughout the U. S. A.

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### Elected Director

Frederick L. Schuster, Vice-President of the Lehman Corporation, has been elected to the Board of Directors, it was announced today by Robert Lehman, President. Mr. Schuster has been associated with the Lehman Corporation since its formation in 1929 and for the past five years has been in charge of Economic Research for the firm of Lehman Brothers.

Lehman Corporation is one of the largest of management type Investment Trusts and reported on March 31 of this year net assets of $49,000,000. In addition to Robert Lehman and other partners of Lehman Brothers, the Board of Directors includes Wendell L. Willkie, Dwight F. Davis, Thomas A. Morgan, Herbert P. Howell, J. Herbert Case and I. J. Harvey, Jr.

### Calif. Business High

Business activity in California during April maintained the high level of recent months, according to the Current Business Outlook just released by the Wells Fargo Bank of San Francisco. The Wells Fargo index of California business (in which 1935-39 equals 100) stood at 194.7 in April, as compared with 195.4 in the preceding month and 142.7 a year ago.

*Trading Markets Maintained in:*

BANK and INSURANCE STOCKS
INVESTMENT TRUST ISSUES
INDUSTRIAL SECURITIES
RAILROAD BONDS and STOCKS
REAL ESTATE ISSUES

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Albany Buffalo Utica Watertown Newark Jersey City Scranton Sunbury
Wilkes-Barre Allentown Wellesley Pittsfield Springfield Portland

# The Securities Salesman's Corner

## Making Every Action Important Will Increase Sales

Some years ago it was our good fortune to know one of the most successful Life Insurance Agents in the country. For five days out of the week this fellow virtually ate, breathed, and slept life insurance. The other two days he played just as hard as he had worked on the other five. Out of all the lessons in selling intangibles that we learned from him probably one thing stands out more clearly than any of the rest.

### Every Thing He Did Was Important

The point we are attempting to bring out is that whether we are selling securities, life insurance or fish hooks, it is just as important as we ourselves believe our job to be. For some of us, selling securities is just an indifferent sort of task from which we gain a livlihood. For others, every day is another challenge. Each interview is an opportunity. Each new client is one more building block in our own particular edifice. Each mistake is something to be corrected and every scrap of knowledge about our work is diligently to be collected. It is our belief, that contained in these two widely divergent attitudes toward our work, lies the reason for the fact that many securities salesmen are still doing an excellent volume of business and on the other hand there are some who can barely earn a living.

As a typical illustration of the value of this attitude of making every action **important**, we well remember how our life insurance friend once made a very substantial sale. We see here why he could make sales of $100,000 while many other salesmen would have missed an opportunity, or at best, sold only a small policy.

During the course of a dinner party a certain wealthy lady friend turned to him and asked him about life insurance. Instead of picking up a conversation right at that time he tactfully arranged that he should call her for an appointment. Now this in itself is nothing new to any experienced salesman. It is academic to pick the right time and place to discuss business. The important sales lesson here is that he was able to arrange the appointment. What was an idle question on the part of his friend became a matter of importance to her. It became important because this life insurance salesman didn't talk cash values, dividends, settlement options or "die to win." With him, life insurance was a living thing, an important thing, something to be placed among one's most cherished possessions and because it was so he said the right thing to his friend so as to give her the impression **that here was something she really ought to talk about at his office or her home because any thing so important was worthwhile discussing seriously and not in a casual manner when they were socially enjoying themselves at a dinner party.**

Isn't there an old saying, something to the effect that two boys were busily engaged laying brick, one was asked what are you doing, and he answered "building a cathedral." Probably the other fellow remained a brick mason all his life for all he said was "can't you see for yourself, I am laying brick!"

# Canadian Industrial Activity Remains High

General industrial activity in Canada remains unchanged at a high level, according to the Canadian Bank of Commerce of Toronto, which states that their index has continued for the third consecutive month to register 164 (1937=100). "The percentage of current factory capacity utilized fell from 115 at mid-March to 114 at mid-April, the downward trend occurring mainly in the heavy iron and steel industries owing to further plant expansion and reorganization," the bank's report continued, adding:

"Our wage payroll index for March was 190 (1937=100), an increase of 7% over February and of 23% over March, 1941. As compared with a year ago the increases were 28% for both manufacturing and trade, with one of 17% for transportation and minor decreases for the other categories. The most striking increase over February was that in trade payrolls (comprising wholesale, retail and service trades), namely 27%.

"The activity of the food group was slightly upwards, chiefly in flour and cereal products. In the clothing group there was a marked rise in the output of men's clothing (partly seasonal and partly on Government order), with minor rises in footwear, men's furnishings, cottons and woolens. Less activity is shown in the pulp and newsprint sections.

"A moderate decline is recorded in the automotive trades, some units not having yet completed the retooling necessary for full conversion to Government orders, but the present level of activity as a whole is considerably higher than in the autumn of 1941. Gains are reported in every branch of the other iron and steel trades, notably in the heavy section.

"Planting in the Prairie Provinces has been delayed by wet weather, with rainfall late in April of very heavy proportions in Saskatchewan. Seeding, however, is quite well advanced in the driest areas, southern Alberta and southwestern Saskatchewan. The spring moisture is well above normal in Saskatchewan, a most welcome condition in view of the less-than-average pre-season reserves, while the recent rainfall was sub-normal in Manitoba and Alberta where, however, there are good reserves. Taking all these factors into account, the new crop season, though late, has begun more satisfactorily than was in prospect a month ago."

# Our Reporter's Report

(Continued from First Page)

3⅜% bonds sold in competitive bidding on Monday.

**With nine groups bidding for the issue, the group headed by First Boston Corporation and the Mellon Securities Corporation took down the bonds at a price of 101.68.**

Offering publicly yesterday at 102¾ found a heartening response, and the bonds were reported moving readily along to investors.

**Amer. Tel. 2¾s**

Among the interesting offerings this week was the secondary marketing of a block of $1,000,000 of American Telephone & Telegraph Company 2¾s of 1970.

**This represented a portion of an aggregate issue of $140,000,000 of the bonds placed privately with a large group of insurance companies in 1940, and was understood to mark the first public appearance of any part of loan.**

Major interest centered around the thought that in present circumstances this operation might be the forerunner of similar sales of other utility and industrial loans which had been placed privately in the last few years.

**Revenue Project Bonds**

Reports coming in over the first week-end of gasoline rationing in the East afforded a rather definite idea of what wartime curtailment of motoring, as the American public knows it, likely will mean to the revenues of toll bridges, roads and tunnels over the duration.

**That the general run of such obligations has maintained a firm undertone in face of this rather discouraging prospect must be ascribed to certain conditions surrounding them.**

First of all few new issues of this type have become available in recent months, and now of course the prospect is for a dearth of them for several years. Meanwhile the supply of municipals of other types likewise has been and promises to continue extremely light for some time to come. Many projects which ordinarily would be financed in the municipal market are going over until after the war.

**Public Service Gas & Electric**

As far as the corporate new issue market is concerned, there is nothing in immediate prospect. The nearest offering now in sight is that of the Public Service Electric & Gas Company first mortgage 3s.

**That issue in the amount of $15,000,000 will be offered in competitive bididng early in June, and indications point to another highly active day for investment bankers.**

This issue, incidently, had also been slated for private placement until the SEC stepped in on the contention that a better price should be forthcoming in open bidding.

# Act On More FHA Funds

The conference report on the bill increasing to $800,000,000 the Federal Housing Administration's authority to insure mortgages for housing of war workers was adopted by the Senate on May 18 and was sent to the House. The present FHA limit of $300,000,000 is said to be exhausted. In addition to the $500,000,000 increase, the bill raises present limits on insured mortgages for single-family and multi-family home units.

The House approved the measure on April 22 (as indicated in our April 30 issue, page 1703) but due to the changes made by the Senate in passing it on May 6, a conference was required to adjust differences.

NATIONAL SECURITIES SERIES
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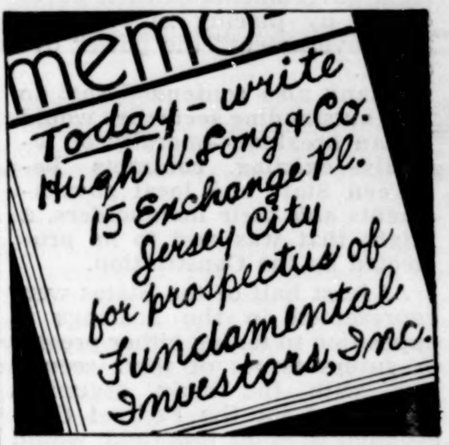
# Investment Trusts

Men with substantial investments who are going into our armed forces are finding investment trusts to be the answer to their investment problems.

These men will be unable to handle their own portfolios for the duration. Yet it is in times of rapid change such as these when securities need the most constant supervision. Some provision for this supervision must be made and made quickly.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Today - write
Hugh W. Long & Co.
15 Exchange Pl.
Jersey City
for prospectus of
Fundamental
Investors, Inc.

Many have turned to the investment companies to secure the proper management of their funds. One investment company reports that one of their dealers has brought in half a dozen accounts in the past two weeks which have been divided up among several investment companies of different types.

The advantages of such a program for the man going into the service are obvious. In the first place, he is obtaining portfolio management which, though once uncertain, has "come of age" and proved its worth in recent years. As pointed out in this column two weeks ago, 25 out of 25 investment companies outperformed the Dow-Jones Industrial Average in the period from the outbreak of war in September, 1939, through April 30, 1942.

In the second place, through the use of investment companies, the actual number of securities held by the individual is reduced to a very small number—reducing legal problems, transfer problems, estate problems, tax problems—all of which would be difficult for the man "somewhere" in the army or "somewhere" at sea.

In the third place, the cost of investment company management is small. The original sales "load" of about 7½% often proves less than the cost in commissions and taxes of buying and selling an individual portfolio. The management fee—which generally is between ½ of 1% and 1% of the assets annually—and the fact that the trusts have outperformed the accepted market averages in recent years shows that the management is more than good enough to justify this fee.

* * *

The following reassertion of faith in the future of our country was published as part of an article on "The Stock Market in War Environment" in "Perspective," issued by the Investment Management Department of Calvin Bullock.

"The seeming paradox of deep depression in the stock market at a time when corporate net earnings are not far from their levels of the years of peace-time prosperity, is to be explained of course in large measure as the effort of the market to adjust itself to the impairment of corporate profits and equity values implicit in the conditions of an all-out war environment. **Nor is anything to be gained by shutting our eyes to the unpleasant fact that the stock market depression is also a reflection of a lack of investment confidence in the future of our private enterprise system.** It has become necessary, for the successful prosecution of the war effort, that the Government assume rigid and total control of production, consumption, prices, profits, rents, interest rates and private incomes—all of the basic economic factors except one, namely, wages. Many investors appear to hold the gloomy opinion that this is a preview of the state capitalism that will be a permanent social product of the war and that we are witnessing the end of the era of private capitalism. As for ourselves, we reject this view. Granting that the demands of a changing world will require a modification of our private enterprise system and a deeper penetration of government into the economic sphere, we believe that there will remain great areas for the exercise of private initiative and the profitable employment of private capital. **We** are still too close to our pioneering heritage in this country, we have retained too much of the individualistic spirit of self-reliance and enterprise, to be willing to embrace the enervating philosophy of state capitalism.

"If this discussion appears to be wandering far from the realm of investment policy, let it be said that the answer to this problem is the major premise of investment policy. If the investor agrees that we shall emerge victorious from this war with our democratic system of government and our profit system of private enterprise substantially intact, then the problem of common stock investment becomes, as heretofore, that of weighing the impact of current economic forces on corporate earnings and equity values."

* * *

**Investment Company Briefs**

"Someone has observed that this country is now in somewhat the same position as England was two years ago," says Massachusetts Distributors' "Brevits." "**It** may be recalled that at that time England was completing conversion to a complete war economy. The tax structure was put on a full war basis; inflation controls were being established; all out enforcement of priorities, rationing and other such restrictions had begun. As a consequence, uncertainty as to how drastic such measures might be and how they would affect business, profits, liv-

(Continued on Page 1943)

# Municipal News & Notes

Although not unexpected, the action of the House Ways and Means Committee last Friday in rejecting the Treasury's proposal to tax the interest from State and local securities, was a heartening factor in the market. Activity was increased in some measure all along the line, but not sharply. The Committee's attitude of disfavor clears away, at least temporarily, the serious threat of taxation that overhung the municipal bond market since the end of January, when Treasury Secretary Morgenthau urged removal of the tax immunity from outstanding, as well as future issues.

This proposal had been attacked bitterly by State and local officials and many others, in hearings before the Committee. The plea was made repeatedly that for the Federal Government to take this step would be a giant stride forward to deprive the State and local governments of their sovereignty by placing in the "central government" the power over credit.

**Many also contended that to tax outstanding securities would mean breaking—morally or legally—existing contracts between State and local governments and their hondholders, a right that was said to be protected by the Constitution.**

At least half of the States were represented in the hearings in opposition to taxing either present or future issues of their securities, with the main argument being that for the Federal Government to enter this field, would mean a threat against the sovereignty of the States.

**Of course, there is no certainty the House will accept the Committee's recommendations, since it is pointed out the need for additional revenue is pressing.**

Congress made a start toward tapping tax-exempts as a source of revenue last year when it subjected the income from Federal securities to taxation. At that time, it refused to tax income from outstanding Federal securities on the ground that they were sold with the understanding they would be tax free.

The Treasury contended the Federal Government had not subscribed to any similar pledge given by State and municipal governments and recommended that all income from these sources be taxed "to plug a loophole."

## Nation's Cities Face Financial Problems

Declining revenues and rising costs are presenting serious financial problems to the nation's municipalities, a poll of local fiscal officers by the Municipal Finance Officers Association showed Monday. The problems are accentuated by difficulties in raising additional revenue from present taxes or adding new sources of revenue, and in curtailing expenses without sacrificing essential city services.

The financial predicament of local governments results in part from the necessity of establishing budgets weeks or months in advance of actual expenditure, according to replies from local fiscal officials reporting in the survey. Budgets for 1942 were set up in some cases as long ago as last summer, many of them on a "business-as-usual" basis which did not allow for emergency expenditures and higher costs resulting from the war effort.

**More fundamental in considering the problem, however, in the opinion of many local finance officers queried by the Association, is the general outlook for lower revenues from local taxes and concern over ability of taxpayers to pay local taxes in the face of heavy contributions which necessarily must be made to the Federal Government for war purposes.**

Appearance of an entirely new type of municipal expense—created by civilian defense needs and added demands on municipal services resulting from construction of war plants and war housing—has created a particular problem, according to local finance officers. In some localities taxes from property acquired for new war plants are offset by expanded service costs, made necessary by the plants and their workers, of transportation, policing, traffic control, sanitation and health.

The survey showed many local officials expect a decline within the next two years in the property tax, substantial producer of local governmental revenues. Factors seen as contributing to this decline include the taking over of land for military purposes by the Federal Government, lower assessments on inventories of small businesses unable to replenish their stocks, and a declining value leading ultimately to lower assessments of properties related to automobile usage.

While lower yields from gasoline taxes appear principally as a concern of State governments, some cities tax gasoline directly or receive a portion of the State tax. This revenue source already is showing a decline, as replies from several fiscal officers show. Seattle's comptroller, for example, reports that rubber and gas shortages threaten to cut the city's receipts from the State gas tax by at least 20%, or about $175,000, while Oklahoma City, which has realized $200,000 a year from State-collected gas and motor vehicle taxes, expects a 20% drop this year.

Related closely as income sources are local motor vehicle taxes and occupational licenses on auto dealers and other businesses connected with the use of cars. Birmingham, Ala., has obtained about $1,000,000 a year from gas and automobile taxes, including $400,000 from a 1-cent gas tax, $400,000 from sharing auto tag licenses and the balance from occupational licenses—and anticipates a reduction, along with other cities, of from one-third to one-half in income from gas and motor vehicle taxes. Baltimore last year collected $5,000,000 from motor vehicle licenses, fines and the gas tax, and an expected curtailment of cars and gasoline will upset the city's budget.

While cities in several States, including Massachusetts and Wisconsin, participate in State income tax revenues, most municipalities have few important tax sources that can be expanded during the war period, according to the Association. Despite this, reports from the finance officials indicate they are loath to impose new forms of taxes in view of needs of the Federal Government for war revenues. A Miami, Fla., official reported his city had considered levying a utility tax to replace in part an anticipated loss of $500,000 income from sources other than ad valorem income, but was "extremely reluctant" to increase the local tax burden, believing the reduction should be absorbed by other operating departments not abnormally affected by emergency demands.

On the expense side of local budgets and in addition to new costs for civilian defense and increased services in defense areas, operating costs have risen—a development not anticipated in many budgets now in effect. Like other buyers, cities have had to pay higher prices. Louisville, for example, reported estimates of amounts necessary for operating supplies did not anticipate sufficiently increased costs since last August, as shown in comparing the estimated 5% increase in food costs for various city institutions with the actual increase of about 22%.

FLORIDA

FLORIDA MUNICIPAL BONDS

Our long experience in handling Florida issues gives us a comprehensive background of familiarity with these municipal bonds. We will be glad to answer any inquiry regarding them at no obligation.

R.E. CRUMMER & COMPANY
INVESTMENT SECURITIES
1ST NAT BANK BLDG CHICAGO ILLINOIS

Municipal payrolls have been increased by many cities to help meet higher living costs.

Cities engaged actively in war production, like Detroit, have considered it essential to maintain all recreation facilities, and school facilities have been expanded in many areas because of population shifts incident to large armament plants. Civilian defense organization has required expenditures, though in at least one State—Ohio—the State has distributed some funds to local governments for this purpose.

**City officials agree, according to their reports, that capital expenditures should be curtailed as a matter of general policy and because of inability to obtain materials and the desire to have projects available for the post-war period. Inability to obtain materials ordered has created surplus appropriations in some communities.**

**Likewise, decisions to abandon all public improvements not essential to the war effort will ease municipal budget strains. According to some fiscal officers these situations appear to be a temporary offset to other increased expenses and do not improve the picture fundamentally.**

The situation offers opportunities as well as difficulties, many officials said, because it gives city officials and taxpayers both a chance to examine services they have been performing and determine just what services and expenses are essential. It may be possible, also, for State governments abandoning costly capital improvements to share some of their unexpended revenues with localities.

## Bridge Tolls and Sunday Drivers

The first Sunday of gasoline rationing resulted in a sharp drop in revenues for the toll bridges and tunnels for motor vehicles along the Atlantic seaboard. Preliminary reports indicate that the traffic in most instances was the lowest for any comparable Sunday since these conveniences were opened. Traffic over the Delaware River Bridge between Philadelphia and Camden, N. J., amounted to only 25,542 vehicles, compared with 60,602 the previous Sunday and an all-time low of 17,000 recorded one day last Winter.

Even before gasoline rationing, traffic over the bridges and tunnels operated by the Port of New York Authority had started to taper off. In April, the operating revenues of the Port Authority amounted to $1,444,760, a decline of 2.6% from those in April, last year, while operating expenses were $351.644, against $316,719, an increase of 11%.

**However, for the 12 months ended on April 30, the revenues of the Port Authority were $18.638,520, or 7.9% more than in the preceding 12 months.**

## New York Provides For State Post-War Planning Program

New York's new State Commission for Post-War Public Works Planning, created by a law signed by Governor Lehman earlier this month, provides the first machinery for State post-war planning to be established by statute, the American Society of Planning Officials reported Wednesday.

Feature of the planning program under the Commission is the coordination of funds and authority for keeping records and specifications on all State planning projects hitherto handled separately by various State departments. Object of this coordination is to make easily available at all times an over-all picture of employment and cost estimates, and materials and equipment needed for execution of the projects.

The Commission also is to prepare and maintain progress reports on post-war plans of municipalities in the State, and to maintain connections with Federal officials and agencies concerned with post-war planning.

**In setting up the Commission, the Legislature also appropriated $450,000 to be spent in preparing plans for post-war constructions, and authorized creation of a building reserve fund of about $320,000,000 through sale of State highway, grade crossing and housing bonds.**

The Commission will consist of the director of the State bureau of planning, representatives of other State departments, and chairmen of several legislative committees.

In a post-war works program separately by the New York City planning commission, new construction for which funds are recommended, totals $628,000,000, with $21,600,000 set aside for planning for the improvements. The list of projects is proposed not for budget purposes but as a planning program to be advanced as rapidly as possible in terms of financing and paper-work, though actual building may be postponed for a long time. Except for essential projects related to the war or not requiring critical materials, nearly all new municipal construction in New York City has been stopped.

Massachusetts and Minnesota are two other States which have made provision for post-war planning since the war started. Minnesota's program, under an executive order of the Governor, includes a $10,000,000 fund—to be built up during the war period—for constructing highways, schools and small-unit housing.

Massachusetts' Post-Defense Readjustment Committee, composed of economists, manufacturers, workers and planning authorities, is concerned mainly with planning for post-war employment of war industry workers.

## N. Y. State Conference Of Mayors To Meet

Instruction in national, State and local war activities and civilian protection and discussion of vital State-wide problems affecting all cities and villages will feature the 33rd annual meeting of the New York State Conference of Mayors and Other Municipal Officials in Syracuse on June 8, 9 and 10. Assessors, municipal clerks, municipal engineers, municipal attorneys and planning officials will hold conventions at the same time and place. Plans are being made to accommodate 1,000 city and village officials, members of local war councils and directors of civilian protection.

**The speakers' list will be headed by James M. Landis, Director, Office of Civilian Defense; Gov. Herbert H. Lehman; Harold D. Smith, Federal Director of the Budget; Speaker Oswald D. Heck of the State Assembly, and Major-General William N. Haskell, New York State Director of Civilian Protection.**

## N. J. Legislators Study Proposed Constitution

The New Jersey Legislature received on Monday from a special commission the text of a proposed new State Constitution. It is intended to place before the voters in September the question whether a referendum on its adoption should be held at the November general election. The members have until June 15 to study the draft of the new constitution.

## California Pension Proposal Revived

Kaiser & Co., San Francisco municipal bond house, report as follows:

An initiative petition is being circulated to qualify a new "Ham 'n' Eggs" measure for the ballot this November. It is reported that 120,000 signatures have been obtained, which is slightly over half of the number required.

The new measure is substantially the same as that defeated by a vote of almost 2 to 1 in 1939, except that payments to "senior citizens" are reduced from $30 to $20, while $7 weekly is to be paid to unemployed persons not under 21 years old. Because of the sobering influence of the war and full employment conditions, it is generally believed that the proposition will not receive nearly so widespread support as it did in 1939.

## Alberta Interest Reduction Considered

The Alberta Debt Refunding Committee will meet shortly, according to Provincial Treasurer Solon Low, to consider means of bringing about a lower interest rate on Alberta's public debenture debt amounting to about $121,000,000.

The original or coupon rate on Alberta debentures has been estimated to average 4.85%. By Order-in-Council effective June 1, 1936, the Provincial Government offered to pay only an average of 2.44% interest on Provincial bonds. The Province has claimed it is unable to pay a higher rate.

Canadian observers are said to be not too optimistic regarding the prospect of agreement, that is, unless the provincial authorities are prepared to go very much farther than was the case when the talks collapsed last fall. On the other hand, the point is made that the bondholders for their part are unlikely to make any important concessions to a debtor that has demonstrated unwillingness rather than inability to pay in accordance with the terms of the contract. A disinclination to set precedents in these matters is understandable.

## Housing Bonds Attracting Greater Interest

A widening interest appears to be developing in housing authority bonds on the part of both dealers and investors. Prompt demand on the reoffering of the most recent issue, bidding by houses which formerly did not compete for this particular type of tax exempt security and a trend toward higher prices are indicative of growing acceptance of housing bonds in investment circles.

As housing authority bonds are a new type of instrument, differing considerably from both municipals and corporates, it has taken time to familiarize dealers and investors with them. They are admittedly "complicated bonds" which require a certain degree of study and investigation before the dealer or the investor fully understands them.

**Sponsorship of housing authority obligations has been by a limited group of firms, at least up to the present. Those active in this field, however, predict**

**that all houses dealing in tax exempts eventually will deal in housing authority bonds.**

The low level of new municipal financing anticipated for the duration of the war may be an increasingly important factor in stimulating the acceptance of housing bonds. With only a small supply of new State and municipal issues coming on the market, more of the larger buyers may turn to housing bonds.

(The above is an excerpt from an article written by Gerry Schnur, appearing in the May 14 issue of the Chicago "Journal of Commerce.")

### Close Bidding Features Bond Sale

From time to time, we have commented on the almost uncanny accuracy displayed by municipal bond men in submitting their estimates of the price an issue should bring to the local unit offering the securities. Tuesday witnessed a remarkable demonstration of competitive bidding in the highest sense, when the $331,000 Mt. Vernon, N. Y., various sinking fund issues were awarded. The First of Michigan Corp., and Hornblower & Weeks, bidding jointly, took the offering with a bid of 106.77775, while the runner-up, a joint account of Kidder, Peabody & Co., and F. S. Moseley & Co.. submitted their price of 106.77703. That represents a differential of but $1.80 on the entire issue, which could rightly be called a pretty narrow margin.

### Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

**May 23**

**$790,000 Bowling Green. Ky.**

These bonds, together with $575,000 Hopkinsville, $430,000 Mayfield, $285,000 Murray, and $190,000 Russellville bonds, all represent electric light and power revenue bond offerings by Kentucky communities. All carry the same range of maturity, 1945 to 1962. Proceeds from the sale of these issues will be used to purchase from the Kentucky-Tennessee Light & Power Co., a unit of the Associated Gas & Electric Co., the utility properties in the respective municipalities.

**May 26**

**$2,616,000 Cincinnati, Ohio**

These are bonds now held in the investment account of the city's sinking fund.

**$1,095,000 Montclair, N. J.**

On May 1, 1941, the city awarded a much smaller issue to Wood, Struthers & Co. of New York. Second highest bid was entered by Halsey, Stuart & Co., Inc., of New York

**May 28**

**$738.200 Trenton, N. J.**

The First National Bank of New York, and associates, obtained the award of the bonds offered in January, 1940. Group headed by Halsey, Stuart & Co., Inc., of New York, submitted the second highest bid.

**June 1**

**$964,000 Akron, Ohio**

In Aug., 1941 this city awarded bonds to a syndicate headed by the BancOhio Securities Co. of Columbus. Second highest bid entered by the Provident Savings Bank & Trust Co. of Cincinnati, and associates.

**June 2**

**$5.875,000 Whatcom Co. Pub. Util. Dist. No. 1, Wash.**

This appears to be the initial financing by the above district.

## Newburger, Loeb To Admit

Newburger, Loeb & Co., 40 Wall Street, New York City, members of the New York and Philadelphia Stock Exchanges, will shortly admit George F. Conniff to partnership in their firm.

## D. T. Moore To Admit

Carroll V. Gianni will shortly become a partner in D. T. Moore & Co., 50 Broad Street, New York City, members of the New York Stock Exchange.

## SEC Applications For Broker Dealer Registry

The following applications for registration as brokers and dealers were made with the Securities and Exchange Commission on the dates indicated:

April 16, 1942—Paul Fibranz & Co., 134 North La Salle Street, Chicago, Ill., Paul Fibranz, sole proprietor; Roy L. Fisher, 1403 Commercial National Bank Building, Shreveport, La., a sole proprietorship; Hattiesburg Cotton Exchange, 125 North Front Street, Hattiesburg, Miss., Oscar P. Geren, formerly proprietor, and J. C. Pittman, formerly manager, as partners.

April 18, 1942 — Philip Mark Carey, 104 South Division Street, Salisbury, Md., a sole proprietorship.

April 20, 1942 — Oliver and Company, 34 East Ninth Street, South, Salt Lake City, Utah, George C. Oliver, sole proprietor; Stephen Reele, 6220 Oram Street, Dallas, Tex., a sole proprietorship; Fred Paul Strassburg, 124 Greenridge Drive., Reno, Nev., a sole proprietorship.

April 21, 1942—National Reorganization Corp., 342 Madison Ave., New York, N. Y., Arthur Koerner and Vinny Catania, officers.

April 24, 1942—R. K. Dunbar & Co., Ltd., 705 Brown Building, Austin, Tex., Russell Kemble Dunbar, general, and Bugg Berry Dunbar and James Irving Eiband, special partners, Gus Ayres, W. Eldon Tinsley, and Elmer A. Snyder, formerly officers of the firm, having withdrawn. Pitman & Company, Inc., 721 Alamo National Building, San Antonio, Tex., Creston H. Funk and Bonnie G. Pitman, formerly partners, Gus Nelson, Sylvan Lang, William E. Dean, Jack Combs, Ray F. Schoolfield, and Edw. H. Keller, officers.

April 25, 1942 — O'Melveny-Wagenseller & Durst, 626 South Spring Street, Los Angeles, Calif., Donald O'Melveny, Willis H. Durst, William S. Hughes, Earl F. Kitchel, Alson E. Abernethy, Olaf B. Lighthill, John M. Woods, and Warren B. Hillman, officers, Hudson Wagenseller, S. D. Lamon, Miles A. Sharkey, J. Bert Easley, Anna L. Hackett, and Paul M. Wagenseller, having withdrawn as officers.

April 27, 1942 — Alfred Henry Peterkin, 85-33 Fifty-third Ave., Elmhurst, L. I., N. Y., a sole proprietorship.

April 28, 1942—J. K. Rice, Jr. & Co., 120 Broadway, New York City, William Ignatius Ewing withdrawn as a general partner.

April 29, 1942—Oliver P. Montagnet, 512 Carondelet Bldg., New Orleans, La., a sole proprietorship.

## New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Transfer of the Exchange membership of the late Walter Thiele to Samuel Wechsler, who will continue as a partner in Gruntal & Co., New York City, will be considered on May 28th.

Transfer of the Stock Exchange membership of George C. Schubert to Henry W. Buckley will be considered on May 28th.

The proposal that Harry Frank, Jr. act as alternate on the floor of the Stock Exchange for William H. Frank will be considered today.

E. Worthington Walters has retired from Hicks & Price, Chicago, Ill., as of May 15th.

Gregory P. Maloney, Exchange member, retired on May 8th from partnership in Alfred O'Gara & Co., Chicago, which is no longer a Stock Exchange member firm.

Weingarten & Co., New York City, was dissolved on May 15th.

Pemberton Berman & Co., New York City, is being dissolved as of today.

# THE NEW YORK CENTRAL RAILROAD COMPANY

EXTRACTS FROM ANNUAL REPORT—1941

*To the Stockholders of*

*The New York Central Railroad Company:*

The business of the Company during 1941 continued to be influenced largely by the expanding program of National Defense. Total operating revenues were $447,789,655, exceeding those of 1940 by $77,243,780—or 20.85 per cent.

Throughout the year it was again demonstrated that, despite the development of other facilities, the railroads remain the country's chief agency of transportation.

Additional and improved facilities and equipment have made it possible for the Company to handle efficiently the largely increased traffic occasioned by the war economy.

### Income Account

The principal items of the income account, with dollar and percentage increase over 1940, were—

| | | Increase | |
|---|---|---|---|
| Freight revenue | $336,878,403 | $66,604,375 | 24.64% |
| Passenger revenue | 66,609,863 | 7,287,718 | 12.28 |
| Total oper. revenues | 447,789,655 | 77,243,780 | 20.85 |
| Operating expenses | 331,438,111 | 52,763,131 | 18.93 |
| Railway tax accruals | 43,411,829 | 9,935,810 | 29.68 |
| Equip. and joint fac. rents—net debit | 15,520,955 | 1,178,516 | 8.22 |
| Net railway oper. income | 57,418,760 | 13,366,323 | 30.34 |
| Other income | 19,083,788 | 900,672 | 4.95 |
| Fixed charges | 48,805,772 | 177,082 D | .36 D |
| Net income | 26,245,562 | 14,980,478 | 132.98 |

D—Decrease.

### Operating Results

*Freight*

The transportation of revenue freight increased 25,316,777 tons—18.54 per cent—to a total of 161,865,972 tons.

Measured in ton mile units (one ton carried one mile), all freight transported, both revenue and non-revenue, was greater by 23.97 per cent, with an increase of only 15.43 per cent in freight train miles.

Automobile traffic amounted to 2,967,145 tons, a gain of 460,100 tons, or 18.35 per cent, over 1940, with gross revenue of $19,763,114, an increase of $2,433,749—14.04 per cent. Except for the curtailment of passenger automobile production during the latter part of 1941, the increase would probably have been greater.

The ex-lake movement of grain from Buffalo to the various North Atlantic ports amounted to 12,273,427 bushels, compared with 4,461,774 bushels during 1940, indicating a material increase of grain exportation.

Bituminous coal traffic for the year was 62,317,794 tons, exceeding 1940 by 5,042,418 tons—8.80 per cent, and gross revenue was $71,704,286, an increase of $6,506,648—9.98 per cent.

The iron ore handled for the year amounted to 9,671,539 tons compared with 8,107,992 tons handled in 1940, an increase of 1,563,547 tons, or 19.28 per cent. Tonnage handled from Lake Erie ports was 8,090,506 gross tons, compared with 6,848,837 gross tons in 1940, an increase of 1,241,669 gross tons, or 18.13 per cent.

Iron and steel traffic totaled 10,251,149 tons, which was above the 1940 figure by 2,844,411 tons—38.40 per cent, and gross revenue was $34,161,927, an increase of $9,817,308—40.33 per cent.

Less-than-carload freight handled totaled 2,402,679 tons, and exceeded 1940 by 686,599 tons, or 40.01 per cent, with revenue of $24,228,464, an increase of $7,100,507, or 41.46 per cent.

By classes, compared with 1940, the tonnage and the revenues before deduction for absorbed switching, overcharges, etc., of all commodities, were:

| | Tons Handled | Increase | Revenue $ | Increase $ |
|---|---|---|---|---|
| Products of agricul. | 9,880,552 | 1,598,162 | 23,476,681 | 4,311,109 |
| Animals & products | 2,520,232 | 144,953 | 18,560,381 | 866,290 |
| Products of mines | 92,704,434 | 10,108,917 | 103,750,675 | 12,731,533 |
| Products of forests | 4,186,671 | 1,248,829 | 9,942,631 | 3,064,700 |
| Manufactures and miscellaneous | 50,171,404 | 11,529,317 | 172,533,164 | 42,461,860 |
| All less than carload traffic | 2,402,679 | 686,599 | 24,228,464 | 7,100,507 |
| Total | 161,865,972 | 25,316,777 | 352,491,996 | 70,535,999 |

### Operating Expenses

The continuation of an enlarged maintenance program and larger force required to handle the greater volume of traffic, accompanied by higher wages and material costs, resulted in increased expenses of $52,763,131, or 18.93 per cent, over the previous year. The advance in rates of pay of employees, effective during the last four months of the year, amounted to $7,788,915.

By groups, expenses for 1941, compared with 1940, were as follows:

| | | Incr. (+) or Decr. (—) | |
|---|---|---|---|
| | Amount | Amount | Per Cent |
| Maintenance of way and structures | $53,156,074 | + $13,701,479 | + 34.73 |
| Maintenance of equipm't | 92,454,568 | + 14,464,835 | + 18.55 |
| Traffic | 6,667,758 | + 71,168 | + 1.08 |
| Transportation | 162,457,180 | + 22,958,870 | + 16.46 |
| Miscellaneous operations | 6,351,038 | + 840,510 | + 15.25 |
| General | 10,462,528 | + 782,203 | + 8.08 |
| Transportation for investment—credit | 111,035 | — 55,934 | —101.51 |
| Total | $331,438,111 | + $52,763,131 | + 18.93 |

### Wage Negotiations

As a result of demands made on the railroads by the various labor organizations for wage increases, including vacations with pay for certain of the non-operating employees, and the failure to reach a satisfactory agreement following protracted negotiations by the representatives of railroads and employees, the former invoked the services of the National Mediation Board pursuant to the Railway Labor Act. Conferences held by the Board came to an end when the employees declined to accept the Board's proposal to arbitrate. On September 10, 1941, the President of the United States appointed an Emergency Board which conducted hearings between September 16 and October 22, and on November 5, 1941, reported to the President recommending temporary wage increases. The recommendations of that Board were accepted by the railroads, but declined by the employees. On November 27 the President reconvened the Board, and the latter acting in the capacity of mediators effected an agreement on December 5, confirming increases originally awarded effective between September 1 and November 30, with further permanent increases effective December 1, including vacations with pay for non-operating groups.

The estimated annual increased cost to the Company on the basis of the 1941 payrolls includes wage increases, $27,268,400; vacations (effective January 1, 1942), $2,500,000; additional payroll taxes (unemployment and retirement), $1,729,200; a total of $31,497,600—or 15.1 per cent.

### Freight and Passenger Rates

The Company joined with substantially all railroads of the United States in an application filed December 13, 1941, with the Interstate Commerce Commission for authority to increase freight rates and accessorial charges and passenger fares by ten per cent, with certain exceptions. At the close of the year this application was still pending before that Commission.

### Railway Tax Accruals

Railway taxes for the year aggregated $43,411,829, an increase of $9,935,810, or 29.68 per cent compared with 1940. Taxes amounted to 9.7 cents for each dollar of operating revenue, or $6.73 per share of stock.

The increase of $6,699,751 in the items of Federal and Canadian income, surtax and excess profits taxes was caused by greater earnings and higher tax rates. The increase in Federal tax on capital stock was due to a higher declared value and increased rate. The charges for unemployment insurance tax and retirement excise tax were above the 1940 figure by $1,937,226, by reason of the larger number of employees and the higher compensation paid during the year. The decrease of $1,089,563 shown for taxes on real and personal property was brought about by an adjustment of over-accruals in prior years.

**For Comparative Income Account, Balance Sheet, &c., see Statistical issue dated May 25.**

## Newspapers Raise Price

Forty-eight Pennsylvania daily newspapers and two Sunday editions have been forced by higher production costs to raise their subscription rates, it was announced on May 13 by William H. Hardy, Manager of the Pennsylvania Newspaper Publishers Association, as the result of the increases a survey disclosed (according to Associated Press accounts from Harrisburg), circulation figures suffered "almost no loss." The survey also showed "at least a score of newspapers that have not yet raised subscription rates plan to do so in the near future" because operating costs are the highest in history "due to record-breaking payrolls, high taxes and to the enormous cost of covering the world-wide war."

Two Ohio newspapers — The Ohio State "Journal" (Columbus) and The Lorain "Journal"—announced on May 18 increases in the price of single copies from 3 to 4 cents.

The New Bedford (Mass.) "Morning Mercury," which had been published continuously for 135 years, suspended on May 16. It was explained, says the Providence "Journal," that "rising costs, dwindling circulation and war restrictions make its publication no longer practical."

A recent reference to newspaper price increases appeared in our May 7 issue, page 1782.

## Shipman To Be Partner In R. K. Kaufmann, Alsberg

Herbert A. Shipman, member of the New York Curb Exchange, and for many years in business as an individual Curb floor broker, will shortly become a partner in Richard K. Kaufmann, Alsberg & Co., members of the New York Stock and Curb Exchanges, 120 Broadway, New York City.

## Cotton Consumption In April At Record Level

Under the date of May 14, 1942, the Census Bureau issued its report showing cotton consumed in the United States, cotton on hand, active cotton spindles, and imports and exports of cotton for the month of April, 1942 and 1941. Cotton consumed amounted to 998,754 bales of lint and 132,106 bales of linters, as compared with 966,031 bales of lint and 131,187 bales of linters, in March, 1942.

April consumption of cotton includes 4,900 bales distributed by Surplus Marketing Administration through various cotton mattress programs.

## Tomorrow's Markets Walter Whyte Says—

(Continued from Page 1933)

mended last week were Air Reduction between 29-30, and Allis Chalmers under 23. Both stocks have managed to dip to about these levels but neither have stayed there long enough to consider them definitely in the list. So for those who didn't get them the advice is repeated.

* * *

In summing up allow me to point out that no market, particularly the type we are in, can go up without a set back. Sometimes these set backs can be serious and indicate a more serious reaction than was originally indicated. But at this time any nearby reaction does not have the danger signals that call for caution. On the contrary I continue to feel that set backs from here will be confined to individual stocks and after not too much time the market will start up again.

More next Thursday.

—Walter Whyte.

*[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]*

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**H. Hentz & Co.**

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New York Curb Exchange
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## SEC Issues Survey Of Listed Corporations

The Securities and Exchange Commission on May 13 made public the second in the series of summary reports of the Survey of American Listed Corporations, a Work Projects Administration study sponsored by the Commission. This report, designated as "Statistics of American Listed Corporations, Part 2," covers the financial operations during the years 1935-1939 of 1,495 corporations with securities listed on national securities exchanges. Included in Part 2 are corporations with total assets in 1939 aggregating $61,558,000,000 and engaged in extractive, manufacturing, merchandising, electric light and power, and other industries. Part 1 was based on reports filed for the year 1937 and covered in great detail the more important financial characteristics of 1,961 registered corporations with assets aggregating $78,726,000,000. The announcement by the Commission also has the following to say:

Part 2 consists of 326 pages. The data are presented in 44 tables which are summarized in the text of the report. The first section comprises detailed combined balance sheets, profit and loss statements, and surplus analyses of the 1,495 registered corporations. These financial statements are classified by industry, amount of total assets, type of capital structure, and rate of return on invested capital of registrants. The second section consists of frequency distributions of the 1,495 registrants classified according to the five financial ratios: (1) rate of return on tangible net worth; (2) rate of return on invested capital; (3) current ratio; (4) net worth per dollar of total debt; (5) turnover of tangible net worth. In the frequency tables the registrants are classified by industry, amount of total assets, annual sales volume, type of capital structure, and degree of profitability.

According to the report, the aggregate total assets of the 1,495 registrants included in the study increased by $2,869,000,000 (4.9%) from the end of 1935 to the close of 1939, although the 1939 total was $611,000,000 (1.0%) below that reported at the 1937 year-end. Registrants of only two of the major industry groups reported, as a whole, a net increase in total assets from 1935 to 1939. Combined assets of manufacturing corporations rose by $3,086,000,000 (10.8%) and merchandising companies reported a net increase of $387,000,000 (15.5%). Total assets of registrants in the electric light and power industry declined 1.7% over the 5-year period, after deduction of reserves applicable to fixed assets, which in this industry are ordinarily carried on the liabilities side of the balance sheet. Registrants in the extractive group showed a net reduction in total assets during 1935-1939 of $157,000,000 (9.8%). For other industry groups, net declines in total assets over the 5-year period ranged from less than 2% for companies in the construction, transportation and communication, and agriculture industries, to 32.9% for the service industry, while financial registrants reported a net decrease of 10.0% and real estate companies a net decrease of 12.3%.

The average annual net income during 1935-1939 of the 1,495 registrants as a group amounted to $2,687,000,000, which was equivalent to 7.0% of the stockholders' equity at book value. The year 1937 marked the high point in earnings for all registrants combined although 1936 and 1939 were profitable years for more companies. The largest corporations showed highest average earnings in 1937. For all 1,495 registrants aggregate net income in relation to stockholders' book equity increased from 5.9% in 1935 to 8.3% in 1936 and to 8.6% in 1937, declined to 4.9% in 1938, but rose again to 7.3% in 1939. The annual rate of return on stockholders' book equity during the 5-year period varied by major industry groups from an average of 4.2% for extractive corporations to 9.3% for merchandising concerns, while corporations in the electric light and power industry reported an average of 4.8% and manufacturing corporations 7.9%.

The annual return on invested capital, computed before provision for interest and debt discount, income taxes, and minority interest in earnings, averaged 7.7% from 1935 to 1939 for the 1,495 registrants as a group. Merchandising corporations reported an average return of 10.8% followed by manufacturing with 9.2%, electric light and power with 5.6% and extractive corporations with 5.1%. Similar to annual changes in the rate of return on stockholders' equity, the average return on invested capital for all 1,495 registrants increased from 6.6% in 1935 to 8.8% in 1936 and again to 9.2% in 1937. The rate of return dropped to 5.9% in 1938, but recovered to 7.9% in 1939.

During the 1935-1939 period, 274 of the 1,495 registrants, on the average, reported net losses annually before interest charges and income taxes, 669 earned less than 10% per annum on their invested capital, and 211 showed annual earnings of 20% or more. More than half of the extractive corporations sustained net losses in each year compared with less than 15%, on the average, of the manufacturing and merchandising companies, and 5% of the electric light and power corporations. Losses were seldom reported by the larger companies, these registrants tending to concentrate in the medium earnings groups.

Dividends declared by the 1,495 registrants for the five years from 1935 to 1939 amounted to $19,297,000,000, equivalent to 77% of their combined net income for this period. Of the total dividends declared, 97% was paid in cash and 18% represented dividends on preferred stock. In relation to net income, cash dividends paid by the 1,495 registrants increased from 67% in 1935 to 75% in 1937 and to 88% in 1938, but declined to 70% in 1939. Cash dividends paid by extractive corporations in 1935-1939 exceeded their aggregate net income by 22%. For manufacturing, merchandising, and electric light and power registrants, however, cash dividends amounted to somewhat over 70% of their 5-year net income.

The report indicates that revaluation of assets was a common practice among registrants during 1935-1939, instances of direct write-downs of book values being nearly three times as frequent as write-ups. Direct write-downs of fixed assets, intangibles, and security investments were reported in 1,073 instances aggregating $2,110,000,000, while write-ups amounted to $385,000,000. In addition to these amounts charged or credited directly to the assets concerned, many substantial revaluations were effected through reserve accounts.

The comprehensive material contained in the 44 tables are summarized in the text of the report. The following table presents several of the more important items of financial operations for the 1,495 registrants as a group.

1,495 Registrants Combined
(Dollar Figures in Millions)

| | 1935 | 1936 | 1937 | 1938 | 1939 |
|---|---|---|---|---|---|
| Total assets | $58,688 | $60,342 | $62,169 | $60,683 | $61,558 |
| Net income | 2,199 | 3,163 | 3,383 | 1,885 | 2,803 |
| Cash dividends paid | 1,470 | 2,334 | 2,546 | 1,652 | 1,977 |
| Return on invested capital | 6.6% | 8.8% | 9.2% | 5.9% | 7.9% |
| Return on tangible net worth | 6.2% | 8.8% | 9.2% | 5.2% | 7.7% |
| Return on stockholders' equity | 5.9% | 8.3% | 8.6% | 4.9% | 7.3% |
| Current ratio | 3.75 | 3.30 | 3.19 | 3.85 | 3.62 |
| Net worth per dollar of total debt | 2.35 | 2.24 | 2.20 | 2.24 | 2.17 |
| Turnover of tangible net worth | .83 | .97 | 1.06 | .91 | .99 |

## NYSE Congratulated On 150th Anniversary

President Roosevelt, in a message to the New York Stock Exchange on the 150th anniversary of its founding, said on May 15 that "the continuation of an orderly market will be of vital importance both during the war and during the period of readjustment that will follow."

The President's letter, addressed to Emil Schram, President of the Exchange, was read at the War Bond rally held on May 18 at the Sub-Treasury Building in observance of the Exchange's sesquicentennial.

Other congratulatory telegrams read at the ceremony included messages from Secretary of the Treasury Morgenthau, Secretary of Commerce Jesse Jones, Governor Lehman of New York and Ganson Purcell, Chairman of the Securities and Exchange Commission.

The President's letter follows:

The White House,
Washington, May 15, 1942.

My dear Mr. Schram:

It is with a great deal of pleasure that I extend by good wishes to the members of the New York Stock Exchange upon the celebration of the 150th anniversary of the founding of the Exchange.

Since the original group of 24 brokers joined together in 1792 to improve the market in securities being conducted under the famous old buttonwood tree down in Wall Street, the role of the Exchange and its responsibilities in the financial affairs of the Nation have steadily increased. To me it is interesting to note that the Exchange was organized as a direct result of an $80,000,000 issue of Government bonds authorized by the Congress in 1790 to fund the State and national obligations of the war for American liberty. Just as the Exchange then was able to render an important service to the public and to the Nation, so today it has the opportunity of performing valued services in the present struggle for human freedom.

It has been gratifying to me that the hysteria of the first World War has not been repeated and that our market places this time have remained open. The members of the Exchange, like millions of their fellow citizens, find their normal business life affected by stresses and strains of world-wide character. Yet it is important that we do not permit these difficulties to disrupt our security markets unduly. The continuation of an orderly market will be of vital importance both during the war and during the period of readjustment that will follow. You have an opportunity for great service, and I am confident that in this you will not fail.

Very sincerely yours,
FRANKLIN D. ROOSEVELT.

Honorable Emil Schram,
*President,*
New York Stock Exchange,
New York, N. Y.

The telegram from Secretary Morgenthau to Mr. Schram read as follows:

Congratulations and good wishes to the New York Stock Exchange on the celebration of your 150th anniversary. In all its long and crowded past the Exchange has never been of greater public service than it is today. Your war bond rally is only one example of the energetic and enthusiastic work being done by the members of the Exchange in helping to finance the winning of the war. The Treasury Department appreciates all that you are doing and I am glad of this opportunity to thank you for this service to the country.

In his telegraphic message to Mr. Schram, Chairman Purcell of the SEC said:

May I extend to members of the New York Stock Exchange good wishes of the Securities and Exchange Commission upon the 150th anniversary of the founding of the Exchange. The willingness of the Exchange and its members to assume new responsibilities and burdens under rapidly changing conditions is evidence that the historic role of your institution in the growth and development of our country will continue. It is gratifying to know, as indeed I do, that your share in our present task to secure the future of our country will be undertaken as a public service and faithfully performed.

## Charles Bayliss, Jr. Joins Putnam & Co.

(Special to The Financial Chronicle)

HARTFORD, CONN. — Charles E. Bayliss, Jr., has become affiliated with Putnam & Company, 6 Central Row, members of the New York Stock Exchange. Mr. Bayliss was previously with Lee Higginson Corporation in New York City and prior thereto was an officer of Washburn & Company, Inc., and was manager of the bond trading department for Kidder, Peabody & Co.

## Marine Ins. & The War

The May 16th issue of Huff, Geyer & Hecht's News Review discusses in detail the current situation in Ocean Marine Insurance in view of American Ship Sinkings and consequent insurance losses. The rather sharp decline in the market prices of specific insurance stocks is unquestionably attributable, the Review states, at least in part to recent publicity concerning ocean marine losses, which have had a temporarily adverse effect on the current underwriting results of a limited number of companies; and adds that once again, during a period of financial depression and temporarily unprofitable underwriting for some companies, the prices of many insurance stocks have been depressed to a level inconsistent with a strictly temporary impairment of earning power. In considering the outlook, Huff, Geyer & Hecht have chosen to take a figure double current reported marine losses in order not to minimize these losses in making a realistic appraisal and declare that the claims have been spread among so many companies that the losses have been absorbed without any long-term effect upon any insurance company or upon the marine insurance companies as a group. "The very short-term viewpoint reflected in the prevailing market prices for many insurance stocks," the Review concludes, "affords bonafide investors a rare opportunity to acquire the soundest of common stocks at prices which, as in the past, probably will prove to have been absuredly low with the dissipation of the now widely prevalent financial gloom, and with the certain restoration of normal underwriting profits."

Copies of the News Review and also an interesting summary of the situation in United States Fidelity & Guaranty Co. issues may be had upon request from Huff, Geyer & Hecht, Inc., 67 Wall Street, New York City.

# SEC Permits Curb To Try Special Offerings

The Securities and Exchange Commission on May 15 announced that it had declared effective for an experimental period a plan of the New York Curb Exchange for "special offerings." The Commission states:

> The effect of the action taken by the Commission will be to exempt distributions carried out in accordance with the plan from rules of the Commission prohibiting the payment of compensation for inducing purchases on the Exchange under certain conditions.
>
> The New York Curb Exchange is the third national securities exchange to file and to have declared effective by the Commission a plan for special offerings. The plan of the New York Curb Exchange is similar to the plans recently declared effective for the New York Stock Exchange and the San Francisco Stock Exchange.

A summary of the more important features of these plans appeared in these colums Feb. 12, page 658. The Curb's plan is to be effective until July 31, unless the Commission otherwise determines.

# Lawrence Turnure And Blyth-Bonner Merging

Lawrence Turnure & Co. has officially confirmed the reported merger of the firm with Blyth & Bonner, to become effective June 1, 1942. The combined firm, to be known as Lawrence Turnure & Co.-Blyth & Bonner, will have memberships on the New York Stock Exchange, New York Curb Exchange (Associate), Chicago Board of Trade, New York Cotton Exchange, New York Coffee & Sugar Exchange, Commodity Exchange, Inc.

Partners in the firm will be Lawrence Turnure, John Kerr, William T. Veit, Gerard L. Pears, Ralph H. Hubbard, special, Robert L. Harding, John R. Marshall, H. Thurston W. Hunting, Harlow W. Young and George Richard Payne.

Main offices of the firm will be located at 50 Broadway, New York City, with branch offices at Jamaica, N. Y., Perth Amboy, N. J., and 225 Varick Street, New York.

# NYSE War Bond Rally On 150th Anniversary

A War Bond rally, in observance of the New York Stock Exchange's 150th anniversary, was held at noon on May 18 on the steps of the old Sub-Treasury Building, at the corner of Wall and Nassau Streets. The vital necessity for those at home to invest in War Bonds was emphasized in talks by Frank C. Walker, Postmaster General of the United States, who delivered the keynote address; Emil Schrem, President of the New York Stock Exchange; Winthrop W. Aldrich, Chairman of the Chase National Bank; Newbold Morris, President of the City Council, and Richard C. Petterson, Jr., Chairman of the New York State War Savings Staff.

In accordance with the action taken by the Board of Governors of the Exchange, the Stock Exchange was closed between 12 noon and 1 p.m. in order to permit the fullest attendance on the part of the financial community. Banks and brokerage houses in the downtown district, and other exchanges, also allowed their employees extra time at the lunch hour to attend the celebration.

Donald J. Hardenbrook, a member of the Stock Exchange and a descendant of John A. Hardenbrook, who signed the original brokers' agreement 150 years ago under a buttonwood tree at what is now 68 Wall Street, acted as master of ceremonies at the rally.

A martial atmosphere was made realistic by the presence of an Army band and artillery in charge of detachments of helmeted troops from Fort Jay, Fort Totten and Fort Hancock. The Navy also was represented, as were auxiliary military organizations.

During the exercises, messages from President Roosevelt, Secretary of the Treasury Morgenthau, Secretary of Commerce Jones and Governor Lehman were read on the occasion of the observance of the sesquicentennial celebration of the Stock Exchange. Among the special guests who took part in the rally were Lieut. William McC. Martin, Jr., U. S. Army, former President of the Exchange, and Lieut. Charles B. Harding, U. S. Navy, former Chairman of the Exchange's Board of Governors.

# Our Reporter On "Governments"

(Continued from First Page)

Now what does all this mean? . . . Obviously, unless you doubt the ability of the Reserve System to hold the rate where it says it will hold it, you can buy discount bills in complete confidence that at any time you can re-sell that at the discount which prevailed when you subscribed. . . . Artificial control of the short-term market, therefore, has been carried to its final point. . . .

And as far as the ability of the Reserve to buy is concerned, consider the fact that in the last three weeks of April, the Open Market Committee purchased $89,000,000 bills to exercise "a stabilizing influence." . . . (The words are those of the New York Reserve Bank). . . .

To commercial banks, generally, this step should be most reassuring, even though they fundamentally may resent and abhor the extension of Federal control over the market. . . . But no longer is it possible for any of us to resent artificial control. . . . We're in a spot where we have to have it—or the whole system will topple carrying all our convictions with it. . . . Incidentally, the move should cause a re-distribution of the now badly distributed excess reserves of the system. . . . For smaller banks can buy the bills—⅜% isn't too bad a return for demand money—knowing that a loss will not be taken. . . .

**Another "Tap"?**

The way the insurance companies went for these tap 2½s, because of patriotism, selling pressure and genuine buying interest, it may be presumed, suggests that this class of investors isn't going to have much available cash for buying Governments for quite a while. . . . The insurance companies probably used up at least four to five-months' cash in their buying. . . . (More than $800,000,000 of the bonds were bought, a surprisingly big amount considering the relative unattractiveness of the securities, and four big insurance companies were primarily responsible for the sales). . . . Maybe they used up even more of their ready cash. . . .

So we can't count on the insurance companies to be major buyers of any bonds for a few months. . . . Certainly, not to be major buyers of another tap issue. . . .

**Now what about the banks? . . . One authoritative story is that before Secretary Morgenthau decided on the sale of the 2½s, he conferred at length with the presidents of the nation's largest and most influential banks. . . . They, it is said, opposed the suggestion of Reserve Board Chairman Eccles for a short-term tap issue, designed for commercial bank purchases. . . . And among commercial bankers and savings institutions in New York, there has been much discussion and much adverse comment concerning a tap issue, along the lines suggested by Eccles. . . . The argument is that banks feel the method would be a means of restricting investing policies even more than now. . . . That the bank's wouldn't like the taps unless they were made more attractive than comparable outstanding securities and obviously, the Treasury doesn't go along with that point. . . . That any failure of a tap issue would not only bring about great censure of the banks but also would give the Treasury an excuse to begin direct sales of securities to the Federal Reserve. . . .**

Apparently, the banks in big cities especially aren't in favor of a tap issue. . . . Although there has been some comment on the advisability of designing a tap issue that would be completely non-marketable for the portfolios of timid country institutions. . . . That move might bring out the cash of many small banks that today aren't buying bonds because they're afraid of the price level. . . . It might —but whether the Treasury could overcome the opposition of the big city banks is something else again. . . .

Eccles still is reported in favor of trying a tap issue with all the trimmings in place. . . . Of giving the banks an opportunity to subscribe to tap offering of short maturity, non-marketable and comparing generally with the coupons on outstanding obligations. . . . But the best guess at this time is that Morgenthau will leave the tap idea alone for a while. . . . And when he comes back to the market next month, he'll return with what we call an orthodox, regular market flotation. . . .

**Inside The Market**

Redesignation of Central Reserve Cities in order to expand excess reserves of banks in New York City and Chicago getting more attention every time we check. . . . Seems a good possibility at the moment and will continue so until definite denial is issued. . . . Fact that it hasn't been considered significant. . . .

News about way tap issue went in newspapers called "propaganda" and "unpatriotic support by press." . . . Inside market, talk was entirely different, although Morgenthau obtained his cash, market is still in good shape—and these are the only points that matter. . . .

Several amusing incidents occurred in first few days of tap sale, as financial sources from all parts of the country converged on the few big insurance companies with requests that they buy the bonds on a big scale. . . . Some of the less experienced salesmen of the various financial centers of the nation were a bit too eager to help the Treasury. . . . A few major insurance companies were swamped with calls, had to put on extra people to answer the salesmen. . . . Duplication of efforts, though, expected to be eliminated as financiers get their high-speed machinery in gear. . . . If the dealers and investment bankers can't sell Governments, no one can! . . .

Allotments of 38% on the 2s in line with expectations. . . . Not comparable, any longer, to the over-subscriptions of a year ago but those days are gone and gone for many, many years—if not forever. . . . With issues coming out every month, we should be approaching the day of 50% and even higher allotments. . . . They have them in Britain and elsewhere. . . . So guide yourself, accordingly, on subscriptions from this date on. . . .

# UP-TOWN AFTER 3

**NEW MOVIES**

**Tortilla Flat (MGM), Spencer Tracy, Hedy Lamarr and John Garfield, in John Steinbeck's story of the fabulous paisanos of Monterey, California. Directed by Victor Fleming.** This is the story of a simple people, delightfully told, but magnificently acted by some of Hollywood's best stars. Pilon, the likable happy go lucky scoundrel, has a naive philosophy that wealth, even a silver watch and a couple of tumble down shacks, is the root of all unhappiness. Life to him is a bottle of wine, a loaf of bread and a place to sleep. Anything else is gilding the lily. So convincing are his arguments that he talks his equally care-free friend, Danny, into pawning his watch for wine and to give one of his shacks, left to Danny by his grandfather, to him. Pilon moves in and by fast talking arranges a rent deal with his equally shiftless pals, Pablo and Portagee Joe, neither of whom have a penny between them. Danny, released from jail, where he was serving a disorderly conduct sentence, tries to assume his place in the little village as a man of property. He meets a girl, Sweets, who fails to be impressed with his propertied status unless he gets a steady job. She works in a nearby canning factory. How Danny finally goes to work and how his friends try to dissuade him is the crux of the story. "Tortilla Flat" is not a story that moves fast. Its charm lies in its studied languor rather than in any exciting episodes. It has no message and preaches no moral. It merely describes the way of life of a simple happy people for whom time apparently stands still. Its comedy is of the homespun variety depending on childish naivete rather than on sophisticated hi-jinks. The photography is breathtaking in its grandeur. The direction by Victor Fleming, who did such good jobs on "Gone With the Wind" and "Captains Courageous" is crisp and capable. Spencer Tracy as Pilon is admirably cast as the shiftless philosopher. Hedy Lamarr as Sweets, the independent fiery dark haired girl, is no longer the clothes horse; she is an accomplished actress. John Garfield as Danny, the man of substance, does a grand job. Special honors, however, go to Akim Tamiroff, who as Pablo, the trusting, hero worshiping, but befuddled simpleton, is outstanding.

Considering the job the movie people have done in publicizing this war; what we are fighting for and why, it seems to me that the industry is rendering a disservice in producing such pictures as **"Remember Pearl Harbor" (Republic)** or **"My Favorite Spy" (RKO).** The first picture describes life at a place called La Dessa, an Army post in the Philippines on the eve of Dec. 7th. The place is equipped with the usual combination saloon dance hall and lots of girls. Our heroes either can't stand discipline, and desert, study hard for advancement, or are too fat to get around. The villains are unmistakable. They leer. They sneak around. And in case you still don't know them they speak in guttural, German, or what is supposed to be Japanese, accents. Of course, our heroes come through at the crucial time and give them all what for. In one scene Red Barry, as the deserter, even steals a Jap plane (up to then no one even knew he could fly) and dive bombs a Jap battleship. . . . The second opus, **"My Favorite Spy,"** cost a little more to produce. It has Kay Kayser and his orchestra. Kay, playing a dim wit, obtains an Army commission by mistake and is ordered to report for duty on his wedding night. He makes such a botch of things that he's assigned to Military Intelligence, of all things. How he and his lady assistant capture the spies and how he wins his wife's love and trust again is boringly and stupidly shown.

**THIS 'N' THAT.** . . . How the **Cotillion Room's** see-er-into-the-future, **Myrus,** does it is beyond me. Other night I asked him to identify a person at my table; somebody I'm sure he doesn't know. After reproving me for my doubts he proceeded to give not only the person's full name but the nickname as well. All this only from initials. Most remarkable thing I ever saw. . . . **Spivy's Roof (57th & Lexington),** with the warm weather and the dim-out, on the terrace, is not only **THE** place for stayer uppers, but a grand spot for hand-holders. . . . **Charles** (Philip Morris Playhouse radio producer) **Martin** invited a Hollywood glamour boy to appear on his program. The hero wired back asking for $6,000 for the half hour. Martin wired back: "You should join the Army. No enemy could stand up under the way you charge." . . . **MGM** wants two kids for pictures. A four or five-year-old girl, tiny, lean and sensitive, and a six-year-old boy, shy, slight and attractive. No acting experience necessary. **Send photos to MGM talent scout, Al Altman, 1540 B'way, New York.** . . . A New York newspaper columnist recently asked in print, "Is it true that Macocoa (El Morocco round table set) works for the Argentine Government?" Very mysterious. The answer, if anyone is interested is "Yes." Macocoa, whose full name is **Martin Alzaga Unzue** (Macocoa is a nickname) has been the accredited American representative for Argentina for the last ten years. He checks on new planes, output and performance. . . . Recommended reading and re-reading: **Vice-President Wallace's recent speech.**

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## Likes Telegraph Companies And D. & W. 4s

We have on numerous occasions over the past year or so directed attention to the possibilities for income and price appreciation in a combination purchase consisting of units of 1 share of Postal Preferred (14) and Western Union (26) on the basis of a merger of these two companies.

At the time of our last specific comment, Postal Preferred was selling at 8-8½ and Western Union 23½-24½. Since that time both stocks have experienced worthwhile percentage appreciation but neither, in our opinion, have come anywhere near exhausting potentialities.

Developments have been proceeding more or less in conformance with expectations. Extensive hearings on the prospective merger have been held by Congress. Permissive legislation, which has been advocated in principle by all parties concerned, has been introduced in Congress and has been submitted for public hearings. Last week we were particularly interested in Chairman Fly's (FCC) testimony to the effect that there was no doubt of the power of Congress to compel a merger of these two companies, adding that under existing law the Government could take over all telegraph facilities "in 15 minutes" and merge them. He furthermore stated that if, under permissive authority, "the companies did not show a willingness to effect a merger promptly," then Congress would have to decide what to do and he would like to return with fuller recommendations. We were somewhat surprised that such "needling" didn't have more stimulating effect on Postal Preferred—this stock, it will be recalled, is entitled to consideration at $60 per share in any liquidation, redemption, etc.

What sort of a deal might eventually be worked out whereby Western Union would absorb Postal is still mere surmise at this juncture, but we have no doubt that it will be one which will give realistic recognition to the value of Postal's $20 odd millions of business to Western Union (the FCC has estimated that if Postal's properties were operated by Western Union, savings in the neighborhood of $15,000,000 annually could be realized through elimination of duplicating facilities).

At the present time the 255,770 shares of Postal Preferred (14) and the 1,027,000 shares of Common stock (1) are selling for a total of roughly $4.6 millions, which together with RFC debt of about $6.5 millions gives a total of $11.1 millions. Deducting from this the net current assets of Postal as last reported (December 31, 1941) the net balance is $8.6 millions—which represents a sort of "knock-down" valuation for a piece of property that was appraised for reorganization purposes in 1938 at around $45,000,000.

We presume commitments originally made in this situation have been retained. We favor adding to such commitments (to within reasonable individual limits) again at this time, especially on moderate recessions.

**D. & W. 4s Behind the Market**

We have previously directed attention to Delaware & Hudson 4's due 1943 (56-57) as an issue which is considerably behind the present market.

Most bonds of this sort command prices in the upper 60s and in the lower 70s. Reason for the relatively low appraisal of Delaware & Hudson 4's in the present market is due to the uncertainty of the near maturity. The issue is large and the road is in no position to deal with anything but a small percentage of hold-outs. Reenactment of legislation similar to the Chandler Act, which expired some years ago, is probable, according to well informed Washington advices. Such legislation would, in our opinion, be a constructive development and under existing market conditions should find prompt reflection marketwise in this issue.

We believe the bonds are attractive not only for new speculative funds seeking employment for income and price appreciation, but also especially suitable as a well situated near and intermediate switching media which could experience worthwhile appreciation independent of the market.—*G. Y. Billard, J. R. Williston & Co.*

## Declares Sugar Supply Situation Is Improved

The belief that the sugar situation for the future may be looked upon with more optimism was expressed on May 18 by Ody H. Lamborn, President of Lamborn & Co., Inc., New York City. In a talk before the convention of the Flavoring Extract Manufacturers' Association of the United States, at New York, Mr. Lamborn said:

> I am glad to tell you that in my opinion the sugar supply situation is not as dismal as it was several months ago. The Philippine crop was of course lost. The movement of sugar from Hawaii was questionable. It appeared at that time that the equivalent of 1,300,000 tons of Cuban raws would be made in the form of high-test molasses for munitions purposes and the transportation of the Puerto Rican sugar crop was definitely a problem. Now, the refreshing news has come that Hawaii shipped in the month of April 108,000 tons. This was more than was shipped in the previous 3 months and it is believed by many that the major portion of the Hawaiian crop will be brought in this year. An adjustment has been made in the requirement of Cuban raws insofar as high test molasses is concerned and it is now expected that only the equivalent of 400,000 tons will be shipped in this form.
>
> Granted fair weather conditions, there should be produced this year within the borders of this country, a bumper beet sugar crop—nearing 2,000,000 tons. Our Southern States producing cane sugar promise a larger than usual production, probably over 500,000 tons.
>
> It is admitted that the ocean transportation problem is a serious one, but it is conceivable that a heavy flow of traffic must continue to our insular supply areas and that these bottoms will be available for sugar on the return trip. Also, I have confidence that since Cuba is only 90 miles off our shores, the constructive work already done by certain governmental agencies in shuttling ships from her shores to our southern ports, as well as from Puerto Rico, will continue successfully, and in fact, improve. It is my belief that the Caribbean area will eventually become a well patrolled and protected lake. * * *
>
> More progress will be made as time goes on, so that the home front, as well as the battle front should have an unrestricted supply of sugar.

## Baltimore Traders To Hold Spring Outing

BALTIMORE, MD.—The Baltimore Security Traders Association will hold its seventh annual spring outing at the Green Spring Valley Hunt Club on May 22nd.

## Treasury To Control Currency Imports

The Treasury Department on May 19 extended its controls over importation of securities so as to cover the importation of currency. Prior to this action, the Treasury explains, controls over the importation of currency have been limited to importations from blocked countries and Proclaimed List nationals. In its May 19 announcement the Department further says:

"Under the new ruling, currency upon importation into this country will be forwarded immediately to a Federal Reserve Bank as fiscal agent of the United States. The Federal Reserve Bank will thereafter hold such currency or deliver it to a domestic bank to be held until such time as the Treasury Department has authorized its release.

"It was pointed out that just as in the case of the provisions applicable to securities which are subject to similar control, the provisions of the amended general ruling applicable to currency imported from Latin America will be so administered as to prevent interference with legitimate importations of currency from that area, including the bringing in by travelers of reasonable amounts of currency for traveling expenses. Treasury officials suggested that the fact that an importation of currency from Latin America was bona fide could be more easily established if such currency were sent into the United States by and for the account of the central banks (or the equivalent or analogous institutions) of any of the American Republics under appropriate assurances from such banks or institutions.

## Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on May 18 that the tenders for $250,000,000, or thereabouts, of 91-day Treasury bills to be dated May 20 and to mature Aug. 19, which were offered on May 15, were opened on May 18 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for, $567,190,000.

Total accepted, $251,726,000.

Range of accepted bids (excepting several tenders totaling $98,000):

High—99.940, equivalent rate approximately 0.237%.

Low—99.906, equivalent rate approximately 0.372%.

Average price—99.908, equivalent rate approximately 0.365%.

73% of the amount bid for at the low price was accepted.

There was a maturity of a similar issue of bills on May 20 in amount of $150,012,000.

## Govt. Fund To Buy Tires

Plans for the establishment of a $150,000,000 fund to finance the government's purchase of new and used tires and tubes from automobile owners were announced on May 12 by Secretary of Commerce Jesse Jones. The new tire program, details of which are being worked out by representatives of the Reconstruction Finance Corp. and the Office of Price Administration will provide for voluntary donations by consumers or payment in cash or war savings bonds and stamps. The RFC will make the funds available to one of its subsidiaries—Defense Supplies Corp.—which will act as the purchasing agent. The plan will supplement the other program whereby the DSC is financing to the extent of $75,000,000, frozen stocks of new passenger tires and tubes held by manufacturers, mass distributors, jobbers and dealers.

## Quarterly Reports May Be Suspended

Quarterly reports by many of the nation's leading corporations may be suspended for the duration of the war, especially those largely engaged in war work, if a movement now under way receives favorable action. A number of aviation companies have already appealed to the New York Stock Exchange for permission to discontinue these reports, which are a proviso of their listing agreements, and the War Department and Office of Censorship are understood to favor the movement, especially for corporations active in the armament program.

Executives of several aviation companies petitioned Emil Schram, President of the Stock Exchange, directly, declaring that proper tax appraisal for the March quarter is virtually impossible and made the issuance of interim reports confusing. A growing number of corporations, it is said, wish to discontinue sales figures in reports to stockholders—in the case of Curtiss, Wright Corporation, it is said, figures released at this time are subject to review and possible revision by the Government and it might well develop that such figures are meaningless.

The Office of Censorship favors withholding sales figures of firms engaged in armament work since such figures might reveal valuable information on unit production to the enemy.

## Savs. & Loan Ass'ns To Stimulate War Bond Sales

Contests among groups of savings and loan associations throughout the country to stimulate their sales of War Bonds were recommended by the Federal Savings and Loan Advisory Council at its semi-annual meeting in Washington on May 16. Members of the Council represening nearly 3,850 member thrift and home-financing institutions of the Federal Home Loan Bank System, conferred with Administrator John B. Blandford, Jr., of the National Housing Agency, Commissioner John H. Fahey of the Federal Home Loan Bank Administration, Commissioner Abner H. Ferguson of the Federal Housing Administration, and Governor James Twohy and other officials of the Bank System. The advices from the FHLBA also states:

> The Council urged that the Bank System utilize its resources to enroll every member institution in the War Savings Bond Campaign "to continue in full and undiminished vigor for the entire war period." All associations were urged by the Council to buy Series F and G War Bonds for their own investment up to the limit permissible, and to purchase additional bonds from pension and retirement funds.
>
> Despite their traditional role of providing funds almost exclusively for home ownership, the savings and loan leaders declared that associations should assist in financing construction of needed "rental" housing for workers in war industries, since many in-migrant workers are not in a position to purchase houses.

## More Dominican Sugar

Sugar production in the Dominican Republic during the current 1941-42 crop season is preliminary estimated at 485,000 long tons, raw value, as compared with 394,000 tons in the previous season, an increase of 91,000 tons, or approximately 23.1%, according to Lamborn & Co., New York.

## New Delivery Plan For Stock Clearing Corp.

On May 18, the new central delivery plan of the Chicago Stock Clearing Corporation, subsidiary of the Chicago Stock Exchange, began operating, it is announced by C. Russell Bergherm, Vice-President, the author of the plan. Members of the Clearing Corporation having listed or over-the-counter stocks or bonds to deliver to other members, make delivery to the Central Delivery Department instead of separate deliveries to the other members. All deliveries will be made before 12:30 each day.

The announcement explained:

> The plan has been in process of development under Mr. Bergherm's supervision for several months. Forty-one members of the Clearing Corporation will participate at the outset.
>
> Subsequent steps which are proposed to follow the initial one provide for inclusion of Loop banks and non-member dealers in the system, and also a step providing for the Clearing Corporation to act for members in effecting transfers of certificates of stock by corporations' transfer agents.
>
> It is expected that the plan will effect considerable savings to members by facilitating security deliveries and transfers.

## Inv. Advisory Contracts Not Legally Salable: SEC

The SEC on May 11 made public an opinion of its general counsel, Chester T. Lane, to the effect that an investment adviser of a registered investment company cannot legally profit by an attempt to sell his investment advisory contract with the company. The Commission's announcement states:

> Mr. Lane points out that under Sections 15 (a) and (d) of the Investment Company Act of 1940, investment advisory contracts with registered investment companies are not legally salable. The opinion goes on to state that, as is recognized by the statute, a fiduciary relation exists between an investment adviser and an investment company. Consequently, the receipt of a consideration for any purported assignment of such a contract will constitute gross misconduct and gross abuse of trust, subject to Commission action under Section 36 of the Act. It is also stated that this principle applies to any situation in which an investment adviser attempts to obtain a consideration for a purported transfer to some third person of his fiduciary obligations toward the stockholders of the registered investment company, irrespective of the form of the particular transaction, the manner in which the consideration is to be received, or the source of payment.
>
> The opinion points out that an investment adviser's position is similar to that of a trustee, officer or director and that he is under the same disability to sell his trust.

## Memorandum Available On South American Bonds

A special memorandum on South America has been prepared by Welsh, Davis & Co., 135 South La Salle Street, Chicago, Ill., in connection with their activity in trading South American dollar bonds. Copies of the memorandum may be had from Welsh, Davis & Co. upon request.

## Canada Ry. Interesting

Wood, Gundy & Co., Inc., 14 Wall Street, New York City, have prepared a booklet describing eight issues of Dominion of Canada guaranteed bonds issued by the Canadian National Railway Company.

## To Prohibit Outside Jobs For Federal Employes

House Appropriations Committeemen were reported in Washington Associated Press advices on May 6 as indicating that Mrs. Anna M. Rosenberg, $7,500-a-year Social Security Board director in New York City, had a $28,500 income as adviser for three private groups, and it was further stated that they announced they would seek to prohibit Federal administrative employes from holding "outside positions." From the Associated Press accounts we quote:

> They (the Committeemen) said Mrs. Rosenberg had told a subcommittee considering the Board's 1943 appropriation that she was receiving $20,000 from Macy-Bamberger department store interests in New York City and Newark, N. J.; $2,500 from the I. Miller Company; New York, and $6,000 from Nelson Rockefeller.
>
> The members said that Arthur J. Altmeyer, Board Chairman, had said that Mrs. Rosenberg was employed with the distinct understanding that she could retain her "outside connections" providing they did not interfere with her government work.
>
> Mr. Altmeyer was reported to have told the subcommittee that the condition had been fulfilled.
>
> Nevertheless, the members said privately that Congress probably should prohibit such "dual fidelities" in the future.

In a statement issued in New York on May 6, and published in the New York "Times" Mrs. Rosenberg was reported as saying:

> "I hold only one Federal job," Mrs. Rosenberg said, referring to press reports dealing with her status. "I receive salary for only one Federal job. I have never received salary for any more than one Federal job. I've been receiving a salary as regional director of the Social Security Board and for no other Federal job. I am on the Advisory Council of the Office of Inter-American Affairs, but I receive no compensation for this work."
>
> Mrs. Rosenberg explained that the $6,000 a year she receives from Mr. Rockefeller was for her work as public relations representative of Mr. Rockefeller.
>
> "I have been Mr. Rockefeller's public relations representative since long before he became Coordinator of Inter-American Affairs, some three years before he assumed that office," Mrs. Rosenberg said, "The work I do for him as public relations counselor has nothing whatever to do with his official position in the Federal Government."

## Ins. Stock Digest

Huff, Geyer & Hecht, Inc., 67 Wall Street, New York City, announce that the publishers of Best's Digest of Insurance Stocks, which is widely used by security dealers interested in the distribution of insurance stocks, have advised them that the 1942 edition will be available for distribution early next month. As in former years, Huff, Geyer & Hecht will be glad to supply copies to dealer friends at $4.09 each (publisher's regular price $5.09 per copy), which is the special price made to them for a "bulk" order.

Dealers desiring to purchase one or more copies of Best's Digest of Insurance Stocks through Huff, Geyer & Hecht, and thereby effect a saving of $1 per copy, should send them a check for the number of copies desired.

## In Armed Forces

Henry G. Lambert, of A. C. Allyn & Co., 40 Wall Street, New York City, has received a commission as a major in the U. S. Army Engineers. Major Lambert is a West Point graduate.

## Talent Donations Ruled Non-Taxable By Treasury

The Treasury Department on May 14 made public a ruling which permits actors, athletes, lecturers and others to donate their services "directly and gratuitously" to charitable causes without reporting the value of such services for income tax purposes. The announcement by the Treasury Department said:

> A flood of recent inquiries, resulting from talent donations to war-time charities by "big-name" performers, caused the Treasury to issue the ruling, which affects numerous organizations sponsoring entertainments for the purpose of augmenting their incomes.
>
> An example in which the donor of his or her talents to a charity need not include the proceeds from such performance in gross income, Internal Revenue officials said, would be the case of an actor or athlete whose services were requested by the charitable organization actually sponsoring the event, and the income from the event, whatever it might be, would belong solely to the organization.
>
> However, when the services of the entertainer are rendered to a person other than a charitable organization and that person makes payment for the entertainer's services to the charitable organization, the amount so paid must be included in the return of the performer and subject to Federal tax.
>
> Typical of these cases would be a radio sponsor or a motion picture producer who engaged the services of the entertainer, and by agreement with the actor or athlete, turned the payment for his services over to a charitable organization. This would be treated by the Treasury as an assignment of income by the entertainer and taxable to him.

## NY State Accountants Elect Marvin, President

At the annual meeting in New York of the New York State Society of Certified Public Accountants, held on May 11, J. Arthur Marvin, a partner of the firm of F. W. Lafrentz & Co., was elected President of the Society for the coming year, to succeed Lieut.-Col. Andrew Stewart. Mr. Marvin has been First Vice-President of the Society during the past year, and since the departure of Mr. Stewart for active Army duty in Washington, has acted as President. He has served as Chairman or member of various committees of the Society, including the Committee on Public Relations, which he organized in 1939, and which he has headed since that time. He has also been an active member of the Committee on Cooperation with the Securities and Exchange Commission. He is a member of the American Institute of Accountants and of the National Association of Cost Accountants. Saul Levy, now Second Vice-President, was elected First Vice-President of the Society, and Henry A. Horne, a partner of the firm of Webster, Horne & Blanchard, was elected Second Vice-President. Charles H. Towns, partner of the accounting firm of Loomis, Suffern & Fernald and a former director of the Society, was elected Secretary, to succeed S. Carlton Kingston. Harry E. Van Benschoten, of the firm bearing his own name, was reelected Treasurer.

In his response to the election, Mr. Marvin emphasized that the first task of the Society is to make every possible contribution to the winning of the war, and outlined the war-time responsibility of the accounting profession.

## FCC Requires Listing Of Diathermy Apparatus

All possesors of diathermy apparatus including dealer stocks, must register each such device with the Federal Communications Commission in Washington, D.C., by June 8, 1942, that agency announced on May 18. Authority for the requirement is contained in Order No. 4 of the Defense Communications Board dated April 16, 1942. The order adopted by the FCC does not apply to persons owning sun lamps, infra-red lamps or ultra violet ray devices, long sold by drug and department stores. In its advices the FCC adds:

> Diathermy apparatus, resembling floor-model radios in appearance, are devices used by physicians, osteopaths and physiotherapists for the treatment of various ailments. They are designed to generate radio frequency energy and operate in such manner that patients may be treated for internal disorders by generation of heat within their bodies. It is estimated that there are 100,000 such devices throughout the United States, mostly in the hands of professional persons while an appreciable proportion is owned by individuals for private use. There are some portable models; and of the total, a few are not factory made.
>
> Separate registration of each piece of apparatus will be on forms supplied by the FCC or its field offices. No fee is necessary. Seizure and heavy penalties are provided for failure to register and for false statements.

## Home Financing Loans For War Purposes Reported

Member savings and loan associations of the Federal Home Loan Bank System loaned approximately $155,000,000 for home-financing purposes in war industry areas in the first quarter of 1942, officials of the System reported on May 16. Their total loan volume throughout the country was $206,667,000. The curtailment of new construction in non-defense areas obviously was responsible for the fact that the figure was 9.6% below the volume for the first quarter of 1941, officials said. Nevertheless, they added, it was considerably above the total of $187,197,000 loaned in the first quarter of 1940.

"March loans by member associations of the System amounted to nearly $75,000,000," said the report. "This was an increase of almost 13% over February but considerably below the normal February-to-March increase and 16.7% below March, 1941." It is also stated that the Bank System officials reported that member associations did 85% of the home-financing reported by all savings and loan associations throughout the country during the months of January, February and March. The announcement indicates that at the end of April, outstanding advances of the 12 regional Federal Home Loan Banks to their member institutions aggregated $185,297,000, a rise of $43,470,000 from a year ago. Since their organization, the regional banks have advanced a total of $900,000,000 for use by their member institutions.

## To Build More Submarines

President Roosevelt signed on May 13 the bill authorizing an increase of 200,000 tons in the Navy's strength, to be used mostly for building submarines. The estimated cost is $900,000,000. It is reported that this would about double the present authorization of the country's underseas craft. The measure passed the House on April 16 and the Senate on May 7. House passage was reported in these columns April 23, page 1617.

## Cargo Shipbuilding Program On Schedule

In a statement issued May 16 the White House announced that latest reports show that there is no lag in cargo shipbuilding and that the program on an average is on schedule. However, the statement added, there will be a shortage "until sinkings throughout the world are brought under better control and the shipbuilding program gets into full production."

Saying that the task at first appeared fantastic, the statement pointed out that "now records are being made that were once believed impossible."

Simultaneously, the U. S. Maritime Commission announced that the greatest mass launching of merchant ships since the Victory Fleet program was inaugurated (May 22) National Maritime Day. Thirty cargo vessels of all types will go down the ways in 19 shipyards on all coasts and the Great Lakes ushering in a two-ships-a-day production rate for American shipyards.

The White House statement said, in part:

> The latest reports on the progress of the victory fleet program are reassuring and should clarify some of the confusion as to a shortage of ships. They show that there is no lag today in cargo shipbuilding.
>
> The United States has been short of merchant tonnage since the war began in 1939. The condition has been aggravated continuously since that time, particularly since Dec. 7, due to the far-flung battle fronts of the World War and to increased activity of Axis submarines.
>
> To offset this situation, current reports by the Maritime Commission show that American shipyards are building merchant vessels faster than ever before in the history of the world. Liberty ships are being built in less than one-half the time originally allotted. Some shipyards are well ahead of schedule; others are on schedule; a few are behind but are catching up rapidly. The over-all average, however, shows that the program is on schedule. At first the task appeared fantastic, but now records are being made that were once believed impossible.
>
> The speed of construction is gaining momentum. In some yards Liberty ships are being completed and delivered into war service in less than 90 days. Original schedules called for delivery on an average of 180 days. They have been shortened to 105 days. Some ships now under construction will be completed under 75 days. Already one has been completed in 83 days.
>
> On Maritime Day two new records will be made in Portland, Ore. The Jonathan Edwards, a Liberty ship, will be put in service 60 days after its keel was laid, and the Thomas Bailey Aldrich will be launched in 36 days.
>
> From a construction standpoint, the shipbuilding industry is in far better position today than it was during the last war. Then it took shipbuilders from ten months to a year to produce merchant vessels. Eight yards on the Atlantic averaged 350 days per ship, eight on the Pacific 309 days, and two on the Gulf 512 days. That average was established throughout the entire program, including the peak of production.

## Bush With Beer & Co.

(Special to The Financial Chronicle)

NEW ORLEANS, LA.—Reuben Gresham Bush, for many years with Merrill Lynch, Pierce, Fenner & Beane, and its predecessors, has become associated with Beer & Co., 817 Gravier Street, members of the New York and New Orleans Stock Exchanges.

## Raise Pay of Armed Forces

The House on May 13 by a record vote of 359 to 1 approved a bill raising the base pay of all enlisted men and non-commissioned officers and granting increased allowances for commissioned officers in the armed services. This action came after the House, by a record vote of 332 to 28, had ratified its tentative decision of May 12 to increase the pay of Army privates and Navy apprentice seamen to $50 a month and that of first class privates and second class seamen to $54. The Senate bill, approved March 30, called for increasing Army privates' and Navy seamen's pay from $30 to $42 and in the next higher grade from $36 to $48. Due to this and other amendments differences as compared with the Senate bill, the measure will go to conference for adjustment of differences.

Corresponding increases all along the line, from corporals and first-class seamen up to master sergeants and petty officers, as provided in the Senate-approved bill were voted by the House. The legislature also would raise the basic pay of second lieutenants and ensigns from $1,500 to $1,800 annualy and adjust allowances for other personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, Public Health Service and Nursing Service.

Senate passage of the measure was noted in these columns April 9, page 1452.

## US-Panama Defense Pact

The State Department in Washington announced on May 18 that an agreement between the United States and the Republic of Panama, covering the use of defense areas in the Republic by armed forces of the United States, was signed at Panama on May 18. The Department said that the American troops have already occupied the areas by permission of the Panamanian Government.

The pact was signed by Edwin C. Wilson, United States Ambassador to Panama, and Panama's Foreign Minister, Octavio Fabrega. It will be effective when approved by the National Assembly of Panama.

According to the Associated Press, the American forces will develop the defense areas as gun emplacements, airplane detector stations, bombing ranges and auxiliary air fields—the largest of which is the Rio Hato air base, some eighty miles southwest of the Panama Canal.

In its announcement, the State Department explained:

> "Immediately following the attack by the Japanese on Pearl Harbor, Panama declared war on Japan, Germany and Italy, and since that time has taken numerous and effective steps which have demonstrated that republic's willingness to assume promptly and wholeheartedly its responsibility as a partner in the defense of the Panama Canal."

## Inactive For Duration

SAN FRANCISCO, CALIF. — John D. Stern & Co., members of the San Francisco Stock Exchange, have announced that their firm will become inactive for the duration of the war. B. J. Frankenheimer, the firm's exchange member, has received a commission as a first lieutenant in the Army Air Corps and has left to take up his duties. The firm's accounts have been transferred to Strassburger & Co., 133 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

## Now With Merrill, Lynch

(Special to The Financial Chronicle)

NEW ORLEANS, LA.—**Thomas J. Ostendorff, Jr.** has joined the staff of **Merrill Lynch, Pierce, Fenner & Beane**, 818 Gravier Street.

# Calendar of New Security Flotations

## OFFERINGS

**PUBLIC SERVICE CO. OF INDIANA, INC.**

Public Service Co. of Indiana, Inc., filed an amendment with SEC on May 7 to its original registration (No. 2-4893) filed Nov. 11, 1941, to the effect that it proposes to issue $4,000,000 first mortgage series D 3⅜% bonds, due 1972, at the present time. Originally company asked permission to issue $42,000,000 first mortgage series D 3⅜% bonds, but received no bids for the issue Dec. 16, 1941

**Address**—110 N. Illinois Street, Indianapolis, Ind.

**Business**—Incorporated in Indiana on Sept. 6, 1941, as result of consolidation of Public Service Co. of Indiana, Central Indiana Power Co., Northern Indiana Power Co., Terre Haute Electric Co. and Dresser Power Corp. Company is a public utility operating in State of Indiana and is engaged principally in production, generation, manufacture, purchase, transmission, supply distribution and sale of electric energy and gas, and in the supply, distribution and sale of water

**Underwriting and Offering**—The bonds were sold under competitive bidding May 18 and were awarded to The First Boston Corp. and Mellon Securities Corp. on a bid of 101.68

**Proceeds** will be used to finance new construction and other improvements to fixed capital

**Effective**—10 a.m. EST, on Dec. 6, 1941

**Offered** May 20 at 102.75 and interest

***Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.***

***These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).***

***Offerings will rarely be made before the day following.***

## SUNDAY, MAY 24

**PHILIP MORRIS & CO., LTD., INC.**

Philip Morris & Co., Ltd., Inc., filed a registration statement with the SEC for 49,666 shares of cumulative preferred stock, $100 par value (dividend rate to be furnished by amendment), and 893,988 rights, latter to be issued in connection with issue of subscription warrants evidencing rights to subscribe for the 49,666 shares of preferred stock

**Address**—New York, N. Y.

**Business**—Engaged in manufacture and sale of cigarrettes and smoking tobaccos, principally "Philip Morris," "Paul Jones," "Marlboro" and "English Ovals" cigarettes

**Offering**—The 49,666 shares of preferred stock will be offered for subscription to common stockholders of company, on the basis of one share of preferred stock for each 18 shares of common stock held. The subscription price per share, the stock of record date, and the expiration date of subscription offer, will be furnished by amendment

**Underwriting**—Such of the 49,666 shares as are not issued under the subscription offer, will be sold to the public by underwriters, at a price to be supplied by amendment. Principal underwriters are Lehman Brothers and Glore, Forgan & Co., both of New York, N. Y. The names of the other underwriters will be furnished by amendment

**Proceeds** will be used to reduce outstanding bank loans

**Public Sale of New 3% Debentures also Proposed**—In the registration statement summarized above, the company stated that its board of directors intend to authorize the sale of 20-year 3% debentures, due May 1, 1962, in an aggregate amount not to exceed the difference between $11,500,000 and an amount equal to the aggregate par value of the shares of new preferred stock which presently are proposed to be sold by the company. The company states that this new issue of debentures is proposed to be sold shortly after the expiration of the rights to purchase the new preferred stock, following the filing of a registration statement with the SEC covering such debentures

Net proceeds to the company from sale of such debentures would be used to pay the unpaid balance of the company's bank loans, and the balance would be added to working capital

**Registration Statement** No. 2-4394. Form A-2. (5-5-42)

Philip Morris & Co., Ltd., Inc., filed an amendment with SEC on May 11, 1942, disclosing that its 49,666 shares of cumulative preferred stock, $100 par, would bear a dividend rate of 4½%. The shares of preferred stock will first be offered to common stockholders for subscription, through warrants, and the unsubscribed portion of the preferred stock will then be offered to the public. The public offering price per share will be furnished by later amendment. Today's amendment also lists the underwriters who will participate in the public offering of the unsubscribed portion of the preferred stock, with percent of unsubscribed preferred stock to be purchased, as follows:

| | |
|---|---|
| Lehman Brothers, New York | 9.0% |
| Glore, Forgan & Co., New York | 9.0 |
| Bear, Stearns & Co., New York | 1.2 |
| A. G. Becker & Co., Inc., Chicago | 3.1 |
| Branch, Cabell & Co., Richmond | .5 |
| Alex. Brown & Sons, Baltimore | 1.2 |
| Frank B. Cahn & Co., Baltimore | 1.0 |
| Davenport & Co., Richmond | .5 |
| R. S. Dickson & Co., Inc. New York | 1.0 |
| Dillon, Read & Co., New York | 4.9 |
| Dominick & Dominick, New York | 2.3 |
| Emanuel & Co., New York | 1.0 |
| Goldman, Sachs & Co., New York | 4.4 |
| Granbery, Marache & Lord, N. Y. | .5 |
| Hallgarten & Co., New York | 1.7 |
| Harriman Ripley & Co., Inc., N. Y. | 4.4 |
| Ira Haupt & Co., New York | 1.7 |
| Hayden, Stone & Co., New York | 4.4 |
| Hemphill, Noyes & Co., New York | 4.4 |
| Hirsch, Lilienthal & Co., New York | .5 |
| Hornblower & Weeks, New York | 3.1 |
| Jackson & Curtis, Boston | 1.7 |
| Kuhn, Loeb & Co., New York | 4.9 |
| Ladenburg, Thalmann & Co., N. Y. | 4.4 |
| Lazard Freres & Co., New York | 3.1 |
| W. L. Lyons & Co., Louisville | .5 |
| Mackubin, Legg & Co., Baltimore | 1.2 |
| Laurence M. Marks & Co., N. Y. | 1.2 |
| Mason-Hagen, Inc., Richmond | 1.0 |
| Merrill Lynch, Pierce, Fenner & Beane, New York | 3.1 |
| Reinholdt & Gardner, St. Louis | 1.0 |
| Riter & Co., New York | 1.2 |
| Schwabacher & Co., San Francisco | 1.7 |
| Scott & Stringfellow, Richmond | 1.7 |
| I. M. Simon & Co., St. Louis | .5 |
| Stein Bros. & Boyce, Baltimore | .5 |
| Stern Bros. & Co., Kansas City | 1.0 |
| Stifel, Nicolaus & Co., St. Louis | .5 |
| Swiss American Corp., New York | 1.0 |
| Union Securities Corp., New York | 4.4 |
| G. H. Walker & Co., St. Louis | 1.2 |
| Watling, Lerchen & Co., Detroit | 1.0 |
| Wertheim & Co., New York | 1.7 |
| White, Weld & Co., New York | 1.7 |

Registration effective 4:30 P. M., ESW time on May 14, 1942

**PUBLIC SERVICE ELECTRIC & GAS CO.**

Public Service Electric & Gas Co. filed a registration statement with the SEC for $15,000,000 first and refunding mortgage 3% bonds, due May 1, 1972

**Address**—80 Park Place, Newark, N. J.

**Business**—This operating public utility company, a subsidiary of Public Service Corp. of New Jersey, is engaged primarily in the production and purchase of electric energy and manufactured gas and in the distribution and sale thereof in the State of New Jersey, including Newark, Jersey City, Paterson, Trenton, Camden, Elizabeth, Bayonne, Hoboken, Passaic, Perth Amboy and New Brunswick

**Underwriting and Offering**—The bonds will be sold under the competitive bidding rule of the Holding Company Act. Names of underwriters, and the public offering price, will be furnished by amendment

**Proceeds** will be added to company's cash funds; cash funds have been and are to be called upon, among other things, for expenditures in the ordinary course of business for property additions and improvements

**Registration Statement** No. 2-4995. Form A-2. (5-5-42)

## WEDNESDAY, MAY 27

**LONE STAR STEEL CO.**

Lone Star Steel Co. filed registration statement with SEC for $500,000 5% debentures, due 1948; 1,000 warrents to purchase common stock; and 75,000 shares no par common stock

**Address**—Dallas, Texas

**Business**—Company is engaged in the manufacture of pig iron and steel

**Underwriting** — No underwriters are named in registration statement

**Offering**—The debentures will be offered to the public at 100; each $500 principal amount of the debentures will carry one warrant entitling the holder to purchase 25 shares of common stock of company, at $10 per share. Of the 75,000 shares common stock registered, 25,000 shares are reserved for issuance upon exercise of the warrants, and 50,000 shares will be offered to the public at $10 per share

**Proceeds** will be used for working capital purposes

**Registration Statement** No. 2-4997. Form S-2. (5-8-42)

## SATURDAY, MAY 30

**HINMAN AVENUE BUILDING CORP.**

Lucius Teter, et al, Trustees of Hinman Avenue Building Corp., filed registration statement with SEC for Voting Trust Certificates covering 1,848 shares common stock, no par value, of the corporation

**Address**: Trustees—135 S. LaSalle St., Chicago; Corporation—38 Dearborn St., Chicago, Ill.

**Business**—The corporation owns and operated an apartment building in Evanston, Ill. All outstanding stock of the corporation are held by an agent for the voting trustees under a voting trust agreement dated Dec. 22, 1932

**Offering**—Trustees propose to invite holders of outstanding stock of the corporation to deposit their certificates representing such stock, in receipt of voting trust certificates therefor. The present trust agreement expires Dec. 22, 1942, and it is the present intention to extend such agreement to Dec. 22, 1952

**Registration Statement** No. 2-4998. Form F-1 (5-11-42)

## MONDAY, JUNE 1

**PHILIP MORRIS & CO., LTD., INC.**

Philip Morris & Co., Ltd., Inc., filed a registration statement with the SEC for $6,000,000 20-year 3% debentures, due May 1, 1962

**Address**—119 Fifth Ave., New York City

**Business**—Engaged in the manufacture and sale of cigarettes and smoking tobaccos, principally the Philip Morris cigarette

**Underwriting**—Lehman Brothers and Glore, Forgan & Co., both of New York, N. Y., are named principal underwriters; names of the others will be furnished by amendment

**Offering**—The debentures will be sold to the public, at a price to be supplied by amendment

**Proceeds** will be used, to the extent necessary, to the payment of the unpaid balance of outstanding bank loans of the company, and for working capital

**Registration Statement** No. 2-4999. Form A-2 (5-13-42)

## TUESDAY, JUNE 2

**R. H. MACY & CO., INC.**

R. H. Macy & Co., Inc., filed a registration statement with the SEC for $12,000,000 of 10-year 2½% sinking fund debentures, due May 1, 1952

**Address**—Broadway and 34th St., New York City

**Business**—Company and its three principal subsidiaries are engaged in the operation of a department store business generally and activities incidental thereto; principal store, directly operated by the company, is located at Broadway and 34th St., New York City

**Underwriting**—Names of the underwriters, and the principal amount of the debentures to be underwritten by each, are as follows (all of New York City, unless otherwise noted):

| | |
|---|---|
| Lehman Bros. | $2,000,000 |
| Goldman, Sachs & Co. | 2,000,000 |
| A. G. Becker & Co., Inc., Chic. | 650,000 |
| Blyth & Co., Inc. | 650,000 |
| Glore, Forgan & Co. | 650,000 |
| Harriman Ripley & Co., Inc. | 650,000 |
| Hallgarten & Co. | 400,000 |
| Hayden, Stone & Co. | 400,000 |
| Hemphill, Noyes & Co. | 400,000 |
| Wertheim & Co. | 400,000 |
| J. S. Bache & Co. | 250,000 |
| Kidder, Peabody & Co. | 250,000 |
| Merrill Lynch, Pierce, Fenner & Beane | 250,000 |
| White, Weld & Co. | 250,000 |
| Emanuel & Co. | 200,000 |
| L. F. Rothschild & Co. | 200,000 |
| Dean Witter & Co., San Fran. | 200,000 |
| Kuhn, Loeb & Co. | 1,100,000 |
| Dillon, Read & Co. | 1,000,000 |

**Offering**—The debentures will be offered to the public, at a price to be supplied by amendment

**Proceeds** will be used to pay certain of the outstanding notes and debt of the company and its subsidiaries, and for working capital

**Registration Statement** No. 2-5000. Form A-2 (5-14-42)

## DATES OF OFFERING UNDETERMINED

**We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.**

**AMERICAN BAKERIES CO.**

American Bakeries Co. registered 15,000 shares Class B no par common stock

**Address**—No. 520 Ten Pryor St. Bldg. Atlanta, Ga.

**Business**—Manufacturing and distributing bakery products in southern states

**Underwriter**—None named

**Offering**—Stock will be offered to public at price to be filed by amendment

**Proceeds**—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

**Registration Statement No. 2-4714. Form A-2. (3-28-41)**

Proposed offering as amended Dec. 10, 1941, 9,000 shares at $54.25 per share

Amendment filed May 15, 1942, to defer effective date

**BELLANCA AIRCRAFT CORP.**

Bellanca Aircraft Corp. filed a registration statement with the SEC for 57,412 shares common stock, $1 par. Further details as to the financing, including details of distribution, application of proceeds, underwriters, if any, etc., are to be supplied by amendment to registration statement. SEC withheld much of material filed by company, presumably in conformity with military censorship policy

**Registration Statement** No. 2-4975. Form S-2 (3-30-42)

Amendment filed May 7, 1942 to defer effective date

**CALIFORNIA UNION INSURANCE CO.**

California Union Insurance Co. filed a registration statement with the SEC for 29,659 shares common stock, $10 par value

**Address**—San Francisco, Calif.

**Business**—Engaged in the underwriting of fire, automobile and other forms of insurance

**Underwriting**—Paul H. Watson is named principal underwriter; Don B. Wentworth may be an underwriter

**Offering**—The common stock registered will be offered to the public at a price of $22 per share

**Proceeds** will be used for additions to capital and surplus

**Registration Statement** No. 2-4992. Form A-1 (4-30-42 San Francisco)

Amendment filed May 18 to defer effective date

**COLUMBIA GAS & ELECTRIC CORP.**

**Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961**

**Address—61 Broadway, N. Y. C.**

**Business—Public utility holding company**

**Offering—Both issues will be publicly offered at prices to filed by amendment**

**Proceeds—To redeem $50,000,000 Deb 5s, 1952; $4,750,700 Deb. 5s, due April 15, 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a $3.402.090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s. 1947**

**Registration Statement No. 2-4736. Form A-2. (4-10-41)**

Amendment filed May 5, 1942, to defer effective date

**DESPINA GOLD MINES, LTD.**

Despina Gold Mines, Ltd., **refiled** a registration statement with the SEC for 1,030,000 shares common stock, $1 par

**Address**—Montreal, Quebec, Canada

**Business**—Company is engaged in the gold mining business

**Underwriting**—Underwriter is Canadian Securities Distributors

**Offering**—The 1,030,000 shares of common stock will be offered to the public at 35 cents per share; 1,000,000 shares will be offered for the account of the company, and the remaining 30,000 shares for the account of a selling stockholder

**Proceeds** to company will be used for working capital purposes

**Registration Statement** No. 2-4636, refiled with SEC 4-30-42

**FLORIDA POWER & LIGHT CO.**

**Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956, and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment**

**Address—25 S. E. Second Ave., Miami Fla.**

**Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas) serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida**

**Underwriting and Offering**—**The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement**

**Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment**

**Registration Statement No. 2-4845. Form A2. (9-17-41)**

Amendment filed May 18, 1942, to defer effective date

**GILLHAM MINING CO., INC.**

Gillham Mining Co., Inc., filed a registration statement with the SEC for 5,000 shares common stock, no par value

**Address**—30 No. La Salle St., Chicago, Ill.

**Business**—Engaged in the mining of antimony ore in Mineral Township, Sevier County, Arkansas

**Underwriting and Offering**—The 5,000 shares of common stock will be sold to the public at $5 per share; no underwriting involved.

**Proceeds** will be used for corporate purposes, including further developing and exploring of properties now owned by the company

**Registration Statement** No. 2-4964. Form S-3 (2-12-42)

Amendment filed May 14 to defer effective date

**HAMILTON WATCH CO.**

**Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par**

**Address**—Lancaster, Pa.

**Business** — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

**Underwriting and Offering**—**Company is making a conditional offer to holders of its 32,054 shares of outsanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6.328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.**

**Proceeds** will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

**Registration Statement** No. 2-4926. Form S2 (12-30-41)

Amendment to defer effective date filed April 14, 1942

**HASTINGS MANUFACTURING CO.**

**Hastings Manufacturing Co. registered with SEC 140,400 shares common stock, $2 par value**

**Address**—Hastings, Mich.

**Business**—Manufactures and sells piston rings and expanders

**Underwriters**—Schroder, Rockefeller & Co., Inc., are principal underwriters. Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

**Offering**—**23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders**

Proposed **offering as amended: 23,100 shares by company, 105,756 shares by** certain stockholders

Public offering **price is $9.50 per share**

**Proceeds** to company will be used for general corporate purposes, including purchase of new equipment and for working capital

**Registration Statement No. 2-4890. Form A2.** (11-19-41 Cleveland)

Amendment filed May 18, 1942, to defer effective date

**HONOLULU RAPID TRANSIT CO., LTD.**

Honolulu Rapid Transit Co., Ltd., has filed a registration statement with the SEC for 75,000 shares of 6% cumulative convertible preferred stock, $10 par; and 75,000 shares common stock, $10 par, latter reserved for issuance on conversion of the preferred stock

**Address**—1140 Alspai St., Honolulu, Hawaii

**Business**—Company is a public utility engaged in providing urban transportation service to the city of Honolulu, rendered by trolley coaches and gasoline buses

**Underwriting**—None

**Offering**—The preferred stock is offered to company's common stockholders of record April 30, 1942, for subscription at $10 per share, on the basis of three shares of preferred stock for each five shares of common stock, to be evidenced by transferable warrants which expire May 29, 1942. Such of the preferred stock not subscribed to on or before May 29, 1942, or not sold on or before June 30, 1942, will be retained by the company, subject to issue and sale, either at private or public sale, at not less than $10 per share

**Proceeds** will be applied to reduction of outstanding bank loans, aggregating $1,650,000

**Registration Statement** No. 2-4973. Form S-2 (3-30-42)

**HUNTER MANUFACTURING CO.**

Hunter Manufacturing Co. filed registration statement with the SEC for 109,560 shares of common stock, of 25 cents par value

**Address**—Croydon, Pa.

**Business**—During two years ended Sept. 30, 1940, operations of company consisted of the manufacture and sale of Rex railroad signal lights and the manufacture and sale, on an experimental basis, of munitions. Since that date, the company has been primarily engaged in the munitions business

**Underwriters**—Nelson Douglass & Co., Los Angeles, Cal., and Barrett Herrick & Co., Inc., New York, each have agreed to underwrite 46,500 shares of the common stock registered, or a total of 93,000 shares

**Offering**—The 109,560 shares registered will be offered to the public at $4 per share; the underwriting commission is 80 cents per share. 93,000 shares are unissued and are to be offered to the public for the account of the company; the remaining 16,560 shares registered are to be purchased by the underwriters, under purchase option, from certain stockholders, and will be publicly offered

**Proceeds** will be used to purchase or redeem all the outstanding 36,000 shares of 6% cumulative preferred stock, $5 par value, and for other corporate purposes

**Registration Statement** No. 2-4990. Form S-2. (4-23-42)

**HYGRADE SYLVANIA CORP.**

Hygrade Sylvania Corp. filed registration statement with SEC for 50,000 shares 4½% cumulative convertible preferred stock, $40 par; and 105,000 shares common stock, no par, the latter reserved for conversion of the preferred stock

**Address**—60 Boston St., Salem, Mass.

**Business**—Engaged in manufacture and sale of electric incandescent lamp bulbs, radio receiving tubes, fluorescent lamps and fixtures, and other electronic products and certain chemical products directly or indirectly related to the foregoing. Regular and special products, to a large and increasing extent, are being supplied to the military services and for other war uses

**Underwriters** of the preferred stock, and the number of shares which each has agreed to underwrite, are as follows:

| | |
|---|---|
| Jackson & Curtis, Boston | 14,000 |
| Lee Higginson Corp., Boston | 10,000 |
| Estabrook & Co., Boston | 7,500 |
| Merrill Lynch, Pierce, Fenner & Beane, New York | 7,400 |
| Putnam & Co., Hartford, Conn. | 2,000 |
| Hale, Waters & Co., Inc., Boston | 1,600 |
| Graham, Parsons & Co., New York | 1,500 |
| Whiting, Weeks & Stubbs, Inc., Boston | 1,500 |
| Yarnall & Co., Philadelphia | 1,000 |
| Minsch, Monell & Co., Inc., New York | 1,000 |
| Brush, Slocumb & Co., San Fran. | 500 |
| Herbert W. Schaefer & Co., Balt. | 500 |
| Stein Bros. & Boyce, Baltimore | 500 |
| Van Alstyne, Noel & Co., New York | 500 |
| Wyeth & Co., Los Angeles | 500 |

**Offering**—The preferred stock will be offered to the public, at a price to be supplied by amendment to registration statement. The underwriting commission is $2 per share

**Proceeds** will be used for additional working capital

**Registration Statement** No. 2-4974. Form A2 (3-30-42)

Amendment filed May 2, 1942, to defer effective date

**INTERIM FINANCE CORP.**

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

**Address**—33 N. La Salle St., Chicago, Ill.

**Business**—Primary function of company is to loan money to enterprises whose debt

# Calendar of New Security Flotations

and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

**Underwriter**—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

**Offering**—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

**Proceeds** will be used for working capital

**Registration Statement** No. 2-4968. Form A-1. (3-18-42)

Amendment filed May 8, 1942, to defer effective date

**MILLER TOOL & MFG. CO.**

Miller Tool & Manufacturing Co. has filed a registration statement with the SEC for 92,792 shares of common stock, $1 par value

**Address**—Detroit, Mich.

**Business**—Company is engaged in the manufacture and sale of service tools for use by the automotive industry

**Underwriters**—Baker, Simonds & Co., is named the principal underwriter

**Offering**—24,875 shares of common stock will be sold to the public for the account of the company; the remaining 67,917 shares registered are already issued and outstanding, and will be sold to the public for the account of certain selling stockholders. The public offering price is $4.20 per share

**Proceeds** will be used for the purchase of machinery and equipment and for working capital

**Registration Statement** No. 2-4920. Form S2. (12-26-41 Cleveland)

Amendment filed May 5, 1942, to defer effective date

**SOUTHWESTERN PUBLIC SERVICE CO.**

Southwestern Public Service Co. filed a registration statement with the SEC for: $18,500,000 of first mortgage and collateral trust bonds, due Feb. 1, 1972; $5,500,000 serial notes, due in equal annual amounts from Nov. 1, 1943, to Nov. 1, 1953, inclusive; and 85,000 shares of 6% cumulative preferred stock, $100 par value

**Address**—Dallas, Texas

**Business**—This company and its subsidiaries are engaged principally in the generation, transmission, distribution and sale of electricity, serving certain communities in Texas, New Mexico, Oklahoma, Louisiana, Arkansas and Arizona. Under a plan of integration and simplification proposed to be consummated under section 11 of the Holding Company Act simultaneously with the consummation of the present proposed financing, the company proposes to effectuate the following transactions: Merger of Community Power & Light Co. and General Public Utilities, Inc. (the two present parent companies of the company) into the company; liquidation of Texas-New Mexico Utilities Co.; recapitalization and partial liquidation of Gulf Public Service Co.; purchase of Panhandle Power & Light Co., Cimarron Utilities Co. and Guymon Gas Co.; and refunding of the entire outstanding funded debt of the company itself. Upon completion of the transactions involved in foregoing, it is expected that the company will have no parent

**Underwriting**—Dillon, Read & Co., of New York, is the principal underwriter; the names of the other underwriters will be supplied by amendment

**Offering**—The bonds, serial notes and 6% preferred stock, will be sold to the public, at prices to be supplied by amendment

**Proceeds** from sale of the new securities will be added to the company's general funds and will be applied to effectuate the various financial transactions involved in the plan of integration and simplification, and the refinancing of the company's outstanding funded debt

**Registration Statement** No. 2-4981. Form A-2. (3-31-42)

Amendment filed May 6, 1942, to defer effective date

**STANDARD AIRCRAFT PRODUCTS, INC.**

Standard Aircraft Products, Inc., filed a registration statement with the SEC covering $300,000 5½% convertible serial and sinking fund debentures, due 1943-1947

**Address**—Dayton, Ohio

**Business**—Company manufactures and develops aircraft products, etc.

**Offering**—The 1943 maturity ($48,105) will be offered to the public at 100. The other maturities will be offered in exchange for 33,586 shares ($7.50 par) 40 cents cumulative preferred stock on a par for par basis as follows: debentures maturing 1944, $62,000; debentures maturing 1945, $62,000; debentures maturing 1946, $62,000; and debentures maturing 1947, $65,895

**Underwriting**—The debentures aggregating $251,895 may be sold through underwriter at 100. R. N. Webster, President, has agreed to sell through underwriter the $190,537 debentures he has agreed to exchange for his 25,405 shares of preferred stock. G. Brashears & Co. is named principal underwriter. R. N. Webster may be an underwriter

**Proceeds** of $48,105 (1943 maturity) will be used for working capital

**Registration Statement** No. 2-4988. Form A-1. (Filed in San Francisco 4-20-42)

Amendment filed May 6, 1942, to defer effective date

**UNION ELECTRIC CO. OF MISSOURI**

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

**Address**—315 N. Twelfth Blvd., St. Louis, Mo.

**Business**—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

**Underwriting**—Dillon, Read & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

**Offering**—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

**Registration Statement** No. 2-4940. Form A2 (2-2-42)

**Union Electric Co. of Missouri,** on Feb ), 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed May 15, 1942, to defer effective date

**UNION LIGHT, HEAT AND POWER COMPANY**

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

**Address**—4th & Main St., Cincinnati, Ohio

**Business** — Operating electric utility company

**Underwriter** — Columbia Gas & Electric Corp.

**Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.3 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.**

**Proceeds**—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

**Registration Statement No. 2-4379. Form** A-2 (3-30-40)

Amendment filed May 12, 1942, to defer effective date

**UNITED GAS CORPORATION**

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

**Address**—2 Rector Street, New York City

**Business**—Production and sale of natural gas; part of Electric Bond and Share System

**Underwriters**—None

**Offering Terms**—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

**Proceeds**—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

**Registration Statement** No. 2-4760, Form A-2 (5-15-41)

**United Gas Corp.** filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."

Amendment filed May 5, 1942, to defer effective date

**VIRGINIA PUBLIC SERVICE CO.**

Virginia Public Service Co. on April 29, 1942, filed amendment registration statement, disclosing that it now proposes to sell, under the competitive bidding rule of Holding Company Act, $26,000,000 of first mortgage 3¾% bonds, due Feb. 1, 1972, and $10,500,000 of sinking fund debentures, due May 1, 1957; debentures are to bear interest at not exceeding 5% per annum, with specific interest rate to be supplied by later amendment.

Previously, in its original registration statement filed with SEC Dec. 13, 1941, company then proposed to sell $22,800,000 first mortgage 3½s, due 1971, $5,700,000 2½% to 3½% serial notes, due Dec. 1, 1951, 70,000 shares 5¼% cumulative preferred stock, $100 par, and 628,333 shares common stock no par.

**Address**—117 S. Washington St., Alexandria, Va.

**Business**—Company is principally an electric operating public utility engaged in the production, purchase, transmission, distribution and sale of electric energy at retail and wholesale in Virginia, West Virginia and, to a minor extent, in North Carolina. Company is a subsidiary of General Gas & Electric Corp., which is in the Associated Gas & Electric Corp. holding company system

Net proceeds from the sale of the $26,000,000 3¾% bonds and the $10,500,000 debentures, will be used as follows: $37,239,193 to the redemption, purchase or prepayment of all funded debt of the company and Virginia Public Service Generating Co.; $360,000 to pay expenses of present financing; payment of accrued interest on the debt securities to be retired; and the balance will be pledged under the mortgage to be available for property additions.

Public offering prices, and names of the underwirters, will be furnished by post-effective amendment to the registration statement

**Registration Statement No. 2-4913. Form** A2. (12-12-41)

Amendment filed May 14, 1942, to defer effective date

**WEST INDIES SUGAR CORP.**

West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

**Address—60 E. 42nd St., New York City**

**Business**—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

**Underwriters** will be named by amendment

**Offering**—The shares registered are already outstanding, and are owned by City Company of New York, Inc., In Dissolution to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

**Proceeds** will be received by the selling stockholders

**Registration Statement No. 2-4923** Form A2. (12-29-4.)

Amendment filed April 21, 1942, to defer effective date

## Price Control Problems

Practical difficulties involved in the attempt to anchor prices and, at the same time, permit costs to move uncertainly upward are now becoming apparent.

Experience is proving that the perils of inflation cannot be avoided by setting up a war economy half controlled and half free.

This is no longer an academic question. Many manufacturers and merchants have been brought face to face with the problem by the recent general price fixing order.

This places the ceiling at the level of the highest prices as of March.

In many instances costs, due very largely to wage increases, have gone up since March. In some the margin between mounting costs, on the one hand, and the fixed price levels on the other, has shrunk to negligible proportions or been wiped out altogether.

With continuing pressure for wage increases the situation will probably become more acute when the necessity for making replacements and restocking empty shelves arises. The disparity between low prices and higher costs will become even greater.

This indicates clearly that wage costs and prices are tied together. If they are to be kept in balance one cannot be stabilized and the other allowed to fluctuate without adding to the difficulties of industry and trade. If stabilization is to be effective, it must be complete.

To make it complete, a clear cut, definite and comprehensive policy, applicable to all production costs as well as to prices and centering upon the one great objective of winning the war, is sorely needed.—*Chamber of Commerce of the United States, Washington, D. C.*

## Record Iron Ore Shipments

Iron ore shipments this year on the Great Lakes up to May 1 reached a new all-time high of 8,581,740 gross tons, the War Production Board announced on May 18. This tonnage represents an increase of 1,626,947 tons, or 23.9%, over the same period in 1941.

Because of the vital importance of Great Lakes shipping to the continued full production of iron and steel, every effort is being exerted to move the maximum amount of ore down from Lake Superior this year. The 1942 goal is 89,500,000 tons, as compared to a normal movement of 50,000,000 tons, the announcement said.

## Investment Trusts

(Continued from Page 1935)

ing conditions, etc., was lifted. Thereafter investment sentiment took a marked turn for the better. Hope and confidence supplanted pessimism and fear, with the result that stock prices recovered vigorously even in face of profit limitations, serious business dislocations and unfavorable war news. England began looking toward the future, and while it was recognized that many difficulties and problems lay ahead, the 'worst' was behind them, and looking ahead from that point there could only be improvement —no matter how long or difficult the process might be."

* * *

A dividend of 8 cents per share has been declared on American Business Shares, payable June 1, 1942, to stock of record May 15. Shares purchased through the record date will carry the dividend.

* * *

On March 31, 1938, the Dow-Jones Industrial Average closed at 98.95, and on April 14, 1942, it closed at 97.89. Of the 499 common stocks traded on both those dates, according to a study published in National Securities & Research Corporation's "Investment Timing" service, 252 stocks declined, six were unchanged and 241 rose.

"Despite the comparatively narrow average movement," it is stated, "the stock that had the largest rise gained 394.9%; while the stock that had the largest decline lost 86.8%. And this was not just the result of a few extreme cases as the following table for the period of approximately four years, shows:

**Change—March 31, 1938-April 14, 1942**

| Stocks | Direction | Percentage Change |
|---|---|---|
| 32 | Rose | more than 100% |
| 22 | Rose | from 75% to 100% |
| 40 | Rose | from 50% to 75% |
| 60 | Rose | from 25% to 50% |
| 54 | Rose | from 10% to 25% |
| 33 | Rose | less than 10% |
| 6 | Unchanged | ---------------- |
| 38 | Declined | less than 10% |
| 79 | Declined | from 10% to 25% |
| 86 | Declined | from 25% to 50% |
| 37 | Declined | from 50% to 75% |
| 12 | Declined | more than 75% |

## Aid To Transportation

The extent of public aids to transportation will be the subject of hearings to be held in Washington, D. C., commencing June 29, according to an announcement issued May 12 by the Board of Investigation and Research. The hearings will afford interested parties an opportunity to submit evidence on this subject which the Board is investigating as directed by the Transportation Act of 1940. The hearings will be conducted in conference rooms of the Departmental Auditorium. It is announced that it is planned to consider public aids to highway, railway and water transportation in that order. An opportunity also will be given for presentation concerning related aspects of public aids to airway and pipeline transport.

## Corporate Underwritings In First Quarter

The Securities and Exchange Commission announced on May 14 that securities of an aggregate value of $239,027,000 and registered under the Securities Act of 1933 were underwritten by 144 investment banking firms during the first quarter of 1942. According to an analysis prepared by the Research and Statistics Subdivision of the Trading and Exchange Division, 51 of these firms reported their headquarters as in New York City, and their participations totalled $168,247,000 and averaged $3,300,000 per firm, compared with an average of $761,000 for firms with headquarters outside New York City.

The Commission's announcement further stated:

The New York City firms having the five largest participations were: Blyth & Co., Inc. with $13,200,738; The First Boston Corporation, $11,954,437; Smith, Barney & Co., $10,884,725; Kidder, Peabody & Co., $9,860,338, and Harriman, Ripley & Co., Inc., $9,540,425. The firms reporting headquarters outside of New York City having the five highest aggregate participations were: Mellon Securities Corporation with $7,183,312; Harris, Hall & Co., $4,618,675; F. S. Moseley & Co., $3,502,825; Coffin & Burr, Inc., $3,282,700; and Dean Witter & Co., $2,962,585.

Management of underwriting was concentrated in 24 firms of investment bankers, of which 14 with headquarters in New York City managed $164,677,000, or 69% of the total. Bonbright & Co., Inc. and The First Boston Corporation accounted for almost half of this with $40,000,000 each. Harriman, Ripley & Co., Inc. was third with $26,567,000. Dillon, Read & Co. and Glore, Forgan & Co. followed with about $12,000,000 each. Mellon Securities Corp. accounted for $51,028,000 of the $74,350,000 managed by firms with headquarters outside of New York City. The managing firms held $44,611,000 of participations in the $238,027,000 which they managed, with no significant difference in proportion as between firms with headquarters in or outside of New York City.

## Young Women Needed As Signal Corps Inspectors

The Third District of the U. S. Civil Service Commission in Philadelphia has issued a call for young men to be trained as junior engineering aids for service in the Army's Signal Corps. According to information given the Women's Bureau of the U. S. Department of Labor, there is need for hundreds of young women to serve as inspectors in private plants making radio, telephone, and other equipment for Army use. The offer is open to high-school girl graduates who have a mathematical and scientific education. A salary of $120 a month is paid during the 6 to 9 months training period and $135 when starting work as inspectors. The age limits for trainees are from 20½ to 35 years.

## Liquidate Cocoa Futures

The Board of Managers of the New York Cocoa Exchange, at a special meeting on May 13, decided that after the close of business on May 14 all trading in cocoa futures, except for the purpose of liquidation will be suspended until further notice. A committee for the voluntary liquidation has been appointed by the Board, consisting of five members, for the purpose of facilitating the supervision of the liquidation.

As of the close of business May 12 there were 643 contracts opened in cocoa futures.

## Acosta Dead

Julian A. Acosta, formerly a member of the New York Stock Exchange, died at his home at the age of seventy-eight. Mr. Acosta had been the senior partner in J. A. Acosta & Co., which was dissolved when Mr. Acosta retired from business in 1940. He had been a member and governor of the New York Cotton Exchange, and had held membership in the Coffee and Sugar Exchange and the Produce Exchange. He was formerly a director of the Continental Bank and Trust Company.

FEDERAL
SAVINGS & LOAN
SHARES
Dividends payable June 30th and December 31st. Anticipated rate for 1942
3%
Legal Investment for
TRUST FUNDS
Installment purchase plan for private investors
All $5,000 or less accounts insured against capital loss
FIRST FEDERAL
Savings and Loan Ass'n of Lake County
Leesburg, Florida

## Fiduciary Counsel Offers New Tax Plan

The principle of linking Post-War Recovery Bonds with the Excess Profits Tax will probably be embodied in the 1942 Tax Bill, declares Fiduciary Counsel, Inc., Trust Company of New Jersey Building, Jersey City, N. J., which presented last March to the Ways and Means Committee of Congress a plan for such recovery bonds.

A revised plan in keeping with recent action of the committee has been submitted by Fiduciary Counsel, Inc., which states:

"When our original plan was presented to the Ways and Means Committee of Congress last March, the Treasury had recommended excess profits tax rates reaching 75% with a credit of 8¾%. Since then, the committee has voted a flat rate of 94%. This action made a revision of our plan necessary.

"The revised plan is as follows:

"1. At the time corporations pay their Federal tax, they will receive 20-year bonds, in an amount equal to 20% of their income that is subject to excess profits tax.

"2. These bonds will be non-interest bearing and non-negotiable during the war and will automatically become interest-bearing and negotiable immediately after the war.

"3. Corporations will carry such bonds on their books as a contingent reserve. After the war, when they take the bonds out of the reserve and use them, they will then be treated as taxable income. All bonds not so used within 4 years will be treated as taxable income the fifth year.

"Other details have been suggested for the purpose of assuring that the purposes proposed will be fulfilled. No doubt many additional changes will be made before the plan is finally enacted."

## Billings, Olcott To Admit E. W. Bishop

Edward W. Bishop will become a partner in Billings, Olcott & Co., 52 Broadway, New York City, members of the New York Stock Exchange, on June 1st. Mr. Bishop was formerly a partner in Bouvier, Bishop & Co.

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HAY, FALES & CO.
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## Manheimer, Lockie To Join Spear-Leeds

De Witt J. Manheimer, member of the New York Stock Exchange, for many years active as an individual floor broker in New York, will become a partner in the New York Stock Exchange firm of Spear & Leeds, 54 Pine Street, New York City, today.

Andrew S. Lockie will be admitted to partnership in the firm in the near future.

## William Giles To Be Partner In Roberts Co.

William B. Giles will become a partner in Roberts & Co., 61 Broadway, New York City, members of the New York Stock Exchange, as of June 1st. Mr. Giles was previously a partner in Giles, Norris & Hay and its predecessor Giles, Norris & Co.; prior thereto he was a partner in Block, Maloney & Co.

## Berman To Be Partner In Henderson, Harrison

Pemberton Berman has become a partner in the New York Stock Exchange firm of Henderson Harrison & Co., 40 Wall Street, New York City. Mr. Berman was previously a partner in the dissolved firm of Pemberton Berman & Co.

## Luber & Arden Form N. Y. Exchange Firm

Harry I. Luber and Henry Arden, both members of the New York Stock Exchange, have formed Luber & Co. with offices at 40 Wall Street, New York City. Mr. Arden was formerly a partner in Granberry & Co. Mr. Luber has recently been active as an individual floor broker and prior thereto did business as Luber & Co.

## Crouse & Kerr Join Bennett, Smith & Co.

DETROIT, MICH. — Charles B. Crouse and Harry W. Kerr, both members of the Detroit Stock Exchange, will be admitted to partnership in Bennett, Smith & Co., 640 South Griswold Street, members of the New York and Detroit Stock Exchanges, as of June 1st, and the name of the firm will be changed to Crouse, Bennett, Smith & Co. Mr. Crouse and Mr. Kerr were both partners in Crouse & Company.

## Pierre Papin Joins Wm. F. Dowdall Co.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Pierre L. Papin, member of the St. Louis Stock Exchange, has become associated with Wm. F. Dowdall & Company, 319 North Fourth Street. Mr. Papin was formerly Vice-President of Gatch Bros., Jordan & McKinney, Inc., and prior thereto conducted his own investment business in St. Louis under the firm name of Pierre L. Papin & Co.

## John R. Kauffmann Is With Newhard, Cook

(Special to The Financial Chronicle)

ST. LOUIS, MO. — John R. Kauffmann has become associated with Newhard, Cook & Co., Fourth and Olive Streets, members of the New York and St. Louis Stock Exchanges. Mr. Kauffman formerly conducted his own investment business, John R. Kauffmann & Co., in St. Louis, for a number of years.

## Coach Chicago Minute Men

CHICAGO PLEDGE CAMPAIGN Organization
TREASURY DEPARTMENT WAR SAVINGS STAFF

Chicago War Bond men to whom the Treasury Department turned for help in directing the 100,000 Minute Men who made the Chicago-wide house-to-house canvass for War Bond Pledges, May 11, 12 and 13. Pictured at a meeting at which 600 men from the securities industry in Chicago were enlisted as coaches for the 100,000 amateur bond salesmen are: (left to right) Harold L. Stuart of Halsey, Stuart & Co., Inc., who was director of sales for the Liberty Loan campaigns of 1917 and 1918 in the Chicago Federal Reserve District, Jay N. Whipple of Bacon, Whipple & Co., Chairman of the Illinois Committee of the Securities Industry for War Financing, and Edward B. Smith of the Northern Trust Company, Deputy Administrator of the Treasury Department's War Savings Staff in Illinois.

## THE BOND SELECTOR

(Continued from Page 1932)

Peru American specialists in highway construction, soil erosion control, coal mining and tea processing.

At the same time, both countries are attempting to negotiate a reciprocal trade agreement, with the purpose of granting tariff concessions on a varied line of Peruvian products. These undertakings on the part of this country serve to supplement the $30,000,000 lend-lease loan which was granted some time ago and the Export-Import Bank credit of $10,000,000 which was negotiated toward the latter part of 1940; this credit was never used by Peru. In sum, all these agreements are of substantial aid to Peru insofar as that country's economic and financial outlook is concerned.

After the publication of the U. S.-Peruvian agreements, the dollar bonds advanced substantially. It is believed, however, that at current prices the bonds still have appreciation possibilities, with the added incentive of income being forthcoming in the not-too-distant future. Dollar bonds of Peru are listed elsewhere on this page, together with quotations and 1942 market range.

| PERU (Republic of)— | Outstdg. Million $ | Last Coupon Paid | 1942 Market Range | Current Price |
|---|---|---|---|---|
| 7s, Sept. 1, 1959 | 8.7 | *3,31-32 | 15⅜-7¾ | 14½ |
| 6s, Dec. 1, 1960 | 48.4 | *12- 1-31 | 15½-7 | 14½ |
| 6s, Oct. 1, 1961 | 24.5 | 10- 1-31 | 15½-7¼ | 14⅜ |
| GOVT. GUARANTEED— | | | | |
| Callao 7½s, Jan. 1, '44 | 1-2 | †7- 1-31 | 11 -3¾ | 11 |
| MUNCIPALS— | | | | |
| Lima 6½s, Sept. 1, '58 | 2-9 | 9- 1-31 | 12 -6 | 12 |

*Coupons purchased by Peruvian Government under offer of 8-27-37. Offer expired.

†Paid $32.50 on account of coupon due 1-1-32.

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Brown & Sharpe
Merrimac Mfg. Co.
World's Fair 4s, 1941
Evans Wallower Zinc
Panhandle Eastern Pipeline Co.
5.60 Preferred
South American Bonds
Mexican Bonds
M. S. WIEN & CO.
Members N. Y. Security Dealers Ass'n
25 Broad St., N.Y. HAnover 2-3780
Teletype N. Y. 1-1397

## Name N. Y. Committee For Victory Fund

Allan Sproul, President of the Federal Reserve Bank of New York and Chairman of the Victory Fund Committee for the Second Federal Reserve District, announced on May 19 that with the approval of the Secretary of the Treasury, that he has appointed the following to serve with him as members of the Victory Fund Committee:

H. M. Addinsell, Chairman of Executive Committee, The First Boston Corp.

Winthrop W. Aldrich, Chairman, Chase National Bank.

H. K. Corbin, President, Fidelity Union Trust Co. of Newark.

Albert H. Gordon, of Kidder, Peabody & Co.

George L. Harrison, President, New York Life Insurance Co.

August Ihlefeld, President, Savings Banks Trust Co.

Robert Lehman, of Lehman Brothers.

Walter J. Monro, Vice-President, Schoellkopf, Hutton & Pomeroy, Inc., Buffalo.

William C. Potter, Chairman of Executive Committee, Guaranty Trust Co.

George F. Rand, President, Marine Trust Co. of Buffalo (Lewis G. Harriman, President, Manufacturers and Traders Trust Co. of Buffalo, alternate to Mr. Rand).

Gordon S. Rentschler, Chairman, National City Bank.

Joseph P. Ripley, Chairman of Board, Harriman Ripley & Co., Inc.

Emil Schram, President, New York Stock Exchange.

J. C. Traphagen, President, Bank of New York.

This committee is one of 12 which Secretary Morgenthau recently announced would be set up throughout the country to aid the Treasury's war financing program. The Reserve Bank explains: It will direct the combined efforts of the securities industry and banking community to reach every possible investor in Government securities whose requirements are not fully met by the sale of Series E War Savings Bonds. Particular emphasis will be placed upon the sale of securities to non-bank investors in order to help avoid the inflationary implications of an unrestrained increase in bank credit.

## Winslow Libby Is Now With Bowers & Co.

(Special to The Financial Chronicle)

PORTLAND, MAINE—Winslow B. Libby has become affiliated with Bowers & Company, Bank of Commerce Building. Mr. Libby was formerly sales manager for the local office of F. L. Putnam & Co., Inc., and prior thereto was an officer of Hammons & Libby, Inc., and of Hammons & Co.

### Premer In Poughkeepsie

POUGHKEEPSIE, N. Y. — Oren Alverne Premer has opened offices at 1 Fulton Avenue to engage in a general securities business.

Final Edition THURSDAY In 2 Sections – Section 2

# The COMMERCIAL & FINANCIAL CHRONICLE

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## Free Speech, Free Radio, And Free Press Must Be Preserved, Even In War, Says Hoover

Discussing "The Limitations On Freedom In War," Herbert Hoover, at the annual meeting on May 20 of the National Industrial Conference Board on "National Mobilization For Victory," stated that "while economic freedom must suffer most by the war, we can, if we will, and we must, keep the other great personal freedoms and their safeguards alive." "Live free speech, free radio and free press," he went on to say, "are the heat that can thaw out any frozen liberties." Continuing, Mr. Hoover said:

> That there must be restraints upon speech and the press against information to the enemy needs no discussion. But there is left ample room to free speech and free press through pep-oratory and criticism of the conduct of the war. The only limit on pep speech, so far as I can see, is endurance of the audience. Criticism is the higher art of protest. We start the practice of protest in the cradle and never let up. The vocal chords of democracy are well trained for this purpose.
>
> And criticism of the conduct of the war is necessary if we are to win the war. We want the war conducted right. The margins between victory and defeat in our foreign campaigns are so narrow that if pressure groups are to take advantage of war to advance their interests, or if we make blunders, or keep incompetent men in office, or allow corruption, bad organization and bad strategy, they can bring about defeat. Democracy can correct mistakes only through public exposure and opposition to them.
>
> The President has unbelievable burdens in war; he deserves every support in this task. We cannot expect him to watch and direct the host of agencies and officials that we must have to make war. The Congress and the people have to watch them. * * *

(Continued on page 1952)

## FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

Throughout the hectic career of your correspondent he has always been leary of Movements. I have had a lot of them flung at me in my day and time, but I have sought to avoid them with a determination which I should, perhaps, have shown in other things.

But now, I have a Movement of my own in which I am prepared to enlist and to which I am prepared to give a zeal and energy which is characteristic of those usually engaged in Movements.

My Movement is:

Now that we have freed Earl Browder, let's free the Isolationists and the Business Men—in the interest of Unity.

We have this situation: At a time when Earl Browder was doing everything in his power to throw the monkey wrench into American production — by Earl Browder, I mean his comrades because he personally was in jail—the Isolationists were committing no greater offense than insisting that we use our production for our own defense. I do not know of a single Isolationist who did not vote for all appropriations to build up the American navy and our air corps and our army. They opposed the Interventionists only on the question of where we should use this equipment and the men. They wanted us to make our stand in American territory which meant Hawaii, instead of in Britain, Australia, New Caledonia, etc.

But Earl's comrades were against our making it anywhere.

Earl's comrades had established a pretty situation in this country, indeed, in the early months of 1941. They were bringing about disorders in aviation and shipping plants on the Pacific Coast and in industries elsewhere to the great detriment of this country's production, whether it was for Britain, for the United States or whoever it was for. Not only this, but Earl's comrades had control over our merchant marine.

Earl and his comrades were our enemies. They were more dangerous to us than either Hitler or Japan because they were internal enemies. They were defeating the declared policy of our Government.

The situation became so bad in the early months of 1941 that Cordell Hull called the then Soviet Ambassador, M. Oumanski, to the State Department, and delivered very blunt language to him to the effect that we were getting quite fed up with the shenanigans of the Communists in this country.

(Continued on page 1951)

**Binders For The Convenience Of Our Subscribers**

**Arrangements have been made with the "Expandit" Binder to supply temporary binders in which to file current issues of the Financial Chronicle in its new form. These will facilitate the use of the Chronicle and will protect copies against mutilation and loss. The cost is $2.50 plus postage for each of these binders which is designed to hold two months' issues of the Financial Chronicle. Orders for binders should be sent to "Expandit" Binder, 25 Spruce Street, New York City.**

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## THE FINANCIAL SITUATION

"Winning the peace" has apparently come to be rather generally regarded as second in importance only to winning the war. The President and many of those by whom he is surrounded have laid and are laying great emphasis upon their determination that this country shall play a leading, if not dominant, role not only in the salvaging that must be done when this global conflict is over but in remaking the world in the hope of reducing if not eliminating the hazard of future catastrophes similar to that this generation has been obliged to endure. The theme is likewise a favorite with Mr. Willkie who apparently has taken it upon himself to purge the Republican party of all those who do not agree with him in these matters. So strong has the "movement" become that political wiseacres are now heard predicting that the autumn elections will very largely eliminate the "isolationists" from Congress, and perhaps from public life in general.

### Blocking Their Own Path

Strangely enough, however, those who are taking the lead in all this, with the possible exception of Mr. Willkie who appears to be interested in little at present but what might be termed anti-isolationism as such, are blindly and eagerly pursuing or supporting courses which must inevitably place serious impediments in their own paths and which may well make their objectives utterly unattainable — assuming they otherwise would be within reach. Heaven knows how many groups and bureaus in Washington are engaged in what is known as post-war planning. Heaven knows how many plans are now in process of formulation covering very nearly every imaginable phase of international relations when the fighting has ceased. All of them, so far as the public has been permitted to learn, rest upon the assumption that the United States will emerge from the war a thoroughly solvent nation. Indeed no plans remotely resembling those now being formulated by these world reformers could possibly hope to succeed without the backing of a nation whose own financial house was in excellent order. Neither could any nation even half slave appropriately, or successfully, go forth into the world at large as an apostle, if not the apostle, of liberty.

(Continued on page 1948)

## Solvency Is Also Essential

*Of particular interest to foreign traders is the fourth point of the Atlantic Charter which promises, "to further the employment by all States, great or small, victor or vanquished, of access on equal terms to the trade and to the raw materials of the world which are needed for their economic prosperity." This must, of necessity, involve the rehabilitation, on a sound basis, not only of trade relations, but also of monetary, financial and all other international economic relationships.*

*The far-reaching economic objectives of the Atlantic Charter cannot be attained by wishful thinking. We in this country must realize that their achievement will be impossible if we follow policies of narrow economic nationalism, such as our extreme and disastrous tariff policy after the last war. We must realize that our own prosperity depends fully as much on prosperous conditions in other countries as their prosperity depends on ours. We must show now, by our positive acts of collaboration with other nations of like mind, that we are prepared to shoulder our full share of responsibility for building a better world.*—Cordell Hull.

**And we must remain solvent!**

## Present Thrift Plan To Buy More War Bonds

How the individual may adjust living expenses and tune up his savings production to be able to comply with the President's request that he invest 10% of his income in war savings bonds and stamps has been outlined in a 12-point program prepared by the National Thrift Committee. According to J. Robert Stout, the Committee's Chairman, the Committee feels that Americans do not know their own strength in saving because they have never before needed to put their full initiative and ingenuity to work on the problem. A pamphlet entitled, "What You Can Do—The Citizen's Contribution in War," embodying the Committe's program will be distributed through financial institutions all over the country. A summary of the 12-point program recommended by the Committee follows:

1. Postpone purchases not essential to family health, vigor and morale until we win the war.
2. Don't buy things made of materials needed for war.
3. Buy only what you need, when you need it.
4. Streamline your living requirements for war.
5. Conserve your accumulated savings in accustomed depositories; if you have withdrawn savings to purchase war savings bonds and stamps, begin at once to rebuild this fund. If you have the fund intact, continue adding to it regularly.
6. Undertake a regular program of buying war savings stamps and bonds out of current income, and hold the bonds until maturity.
7. Budget to conserve and increase your savings power.
8. Anticipate taxes: Take from each pay envelope or pay check, when you receive it, the tax part of your pay.
9. Set aside 10% of the remainder of your income and apportion between war savings stamps or bonds and your regular savings account.
10. Put aside regular amounts to meet life insurance premiums, home ownership payments, etc., to avoid stress when these items fall due.
11. If your wages have been increased, discharge your debts, double up on instalment-contract payments.
12. Curtail your living costs with the following economies: Conserve all goods and materials you now own; mend and repair; conserve public utility services: telephone, electricity, gas and water; conserve heat; shop around for all purchases; make no new instalment contract unless purchase is vital to health and vigor of family. Use charge accounts sparingly, as if they were cash; avoid buying too many factory-prepared products when home labor can be substituted; be sparing of outside labor services—laundry, bakery; purchase and prepare foods for highest nutritional value; watch small-change purchases: cigarettes, candy, soft drinks, movies, magazines, cosmetics and other toilet goods, novelties in clothing adornment; seek and use economical substitutes, even in recreation; budget your car mileage.

## William White Honored

William R. White, New York State Superintendent of Banks was awarded the honorary degree of Doctor of Laws by Union College, Schenectady, N. Y. on May 11th. President Dixon Ryan Fox conferred the degree on Mr. White in recognition of his "brilliant leadership" in the banking field.

*Editorial—*

# France, From Clemenceau To Laval

If the crowned head lies uneasily upon its luxurious pillow, how much more uneasily rests a predominant nation, especially if its course has been domineering, clinging to its precarious tenure. Three times, in the course of modern history, the French nation has pushed itself to that unstable eminence in Europe. Three times it has been, for a while, the first State of the Continent. It was that under Louis XIV, during the closing years of the Seventeenth Century. Again, preeminence was attained after the Revolution of 1789 and held throughout the Consulate and Empire of the first Napoleon. It was regained, for lack of competent rivalry, and briefly held under the Second Empire, despite the fatuous misrule of Napoleon III, to be extinguished, with the dynasty, in the debacle of the Franco-Prussian War, in 1870. Almost, it was acquired for a fourth period when, after 1919, a cowed and famished Germany, broken by its own excesses of ambition and the retaliatory humiliations and hardships of the Versailles Treaty, contrived chiefly by Georges Clemenceau, as principal fabricator of the peace that could be no peace, was shorn of power and influence and relegated to the place of an outcast among the nations. Now, 23 years later, under Pierre Laval, the French people, the most cultivated and accomplished in all Europe, perhaps the most civilized, divided and without a government in reality their own, are subject to the desecrating domination of Germany, their ancient enemy, which is itself threatened and attacked upon all its dangerously extended frontiers and is probably at this moment staking its all upon the last desperate throw of the dice of total war.

From Clemenceau to Laval! From the bold and patriotic Tiger, with no thought and no vision beyond the welfare of his beloved France, to the cringing tool of an alien despotism, stealthily surrendering element after element of national dignity and direction to the remote master! What a fall was there! Men of the present day, many of them, too near to the separate episodes of this incredible degradation to envisage it in its entirety as an historical event from which nothing can be subtracted without distorting the picture may puzzle impotently in their efforts to isolate the causes of this hideous degeneration. How could it be, they ask, that the people, which so gallantly retrieved victory at the very verge of defeat in the first Battle of the Marne, which could stand in steadfast determination while being bled white at Verdun and during the thrust towards the English Channel in the Spring of 1918, failed utterly to hold their lines or to defend their splendid capital against the onrush of invasion in 1940? Why could not the sons of those who held firmly at Ypres and Arras, with a minimum of English assistance, withstand, when much more generously reenforced from across the Channel, the posterity of those over whom their fathers had prevailed? These questions may be difficult to many belonging to this generation, but they need not be to their successors or to history.

The first phase may be said to have begun in the negotiations at Versailles and in the subtle brain of Clemenceau, who thought to protect his country by a paper wall of disabilities imposed upon her prostrate neighbor, vainly supposing, or at least hoping, that in such pledges and their enforcement, there could be found peace and security from alien aggression. Doubtless, his imagination was too realistic to anticipate a peace of permanence, but it was also too circumscribed by his long experience and his cynical interpretations to believe in any peace not founded upon force. So Germany was deprived of all its overseas colonies, of Alsace-Lorraine, Eupen, and Malmedy, of the Polish Corridor, of the Saar Valley (conditionally), of portions of Upper Silesia and Schleswig. Her investments and properties abroad were seized, her coal production was reduced by one-third, and her iron resources by three-quarters. Her naval forces were surrendered or sunk and her merchant marine was confiscated. She was pledged not to possess any submarines, tanks, heavy artillery, or military aircraft; her army was restricted to 100,000 men; the size, tonnage, and number of her naval units were severely limited; and her military forces were excluded from a wide zone along her Rhine frontier. Provisions were made for enormous and crippling reparations, to be paid over a long period of years in commodities and cash. The strength of France, her security, was to be external, to exist in the weakness of an alien rival.

It has become practicable to appraise the results. In the end, which was soon attained, no country save France, which was far from being a unit in resolution, cared ever to enforce these severities. Almost from the first, they were violated with continued immunity and with progressively increasing enthusiasm. Great Britain not only shunned the sacrifices of resort to force, but came to distrust the ultimate potentialities of her erstwhile ally, should the weakness of Germany and her own relative aggrandizement too firmly establish supremacy in the latter. Meanwhile, the people and politicians of France had too readily and too completely accepted and enlarged upon the doctrine which held that her safety must lie not within herself but in exterior support or artificial curtailment of the capacities of her rival. As Germany restored herself by steady accretions of strength obtained through domestic industry and abstinence from waste and indulgence, the less virile leadership of France sought frantically for foreign alliances and assistance, some even looking across the Rhine with unconcealed aspirations which English statesmen inevitably considered as inimical to British interests and grossly repellant. Louis Barthou, who as Minister of Foreign Affairs, had looked beyond Germany to Russia and the Balkans, was assassinated, with King Alexander of Yugoslavia, at Marseilles on Oct. 9, 1934, and succeeded by Laval who, like Georges Bonnet later in the same position, was, from the first, distinctly pro-German in his tendencies. The Little Entente was formed during the earlier phase and overtures to Russia led to a treaty of slight efficacy but possessing international implications in some quarters disquieting. Poland was first attracted and then repelled, almost driven into the arms of Germany, and Czechoslovakia obtained tenuous assurances which eventuated in lost confidence and grave disappointment. And, while all this was in issue and France incautiously looked the other way, Britain entered upon negotiations resulting in a treaty permitting Germany to exceed the naval limitations imposed at Versailles. In short, through the teachings of Clemenceau and the improvisations and trickeries of less worthy successors, the fine people of France, so superior to nearly all their rulers, were led away from self-reliance and the splendid unity which they had possessed throughout the sacrifices and devastations of 1914-1918 and to external searchings for support, which, save in the cases of Britain and Belgium, completely failed to materialize when the need became most urgent.

Another disruptive factor was in parallel operation, after 1919 and during the disastrous months of 1940. Since the fall of the Roman Empire, no important people has experienced so many changes and indulged such wide experimentation or attempted such astonishing improvisations in their government as France. Louis XVI surrendered to the Revolution of 1789 and lost his kingdom and his head in 1793; the Directory was superseded by the Consulate, the Consulate by the First Empire, and, with the brief interval of the first Bourbon Restoration, the reign of Napoleon the Great lasted to the year 1815. From 1815 to 1830 came the Second Restoration, with Louis XVIII and Charles X as successive sovereigns; there followed the bourgeois revolution which enthroned the cadet or Orleans branch of the Bourbon family, in the person of the umbrella-carrying Louis Philippe. The Second Republic lasted from 1848 to 1851, under Louis Bonaparte, as Prince-President; was replaced, after the *coup d'etat* of President Bonaparte, by his dictatorship, continuing precisely one year, then to be metamorphosed into the Second Empire, with the former President reigning as Napoleon III. The Third Republic, following the short sovereignty of the Commune, was established in 1871 and, seldom possessing the full support of the people, but tolerated by most as preferable to any probable alternative, was perhaps never stronger than during the leadership of Clemenceau, nor ever weaker than it was during the months immediately before it was supplanted by the Dictatorship of Marshal Petain, after the 1940 yielding to Germany.

A conspicuous consequence of these kaleidoscopic changes in government was, very naturally, the general elimination of true patriotism and patriotic loyalties and the common substitution of factional or personal allegiances. Frenchmen, too frequently for the common good, became partisans adhering to causes, or to families, or to systems or doctrines of government, rather than patriots devoted primarily and exclusively to their *patria*, their nation, their France. They were republicans, socialists, communists, legitimatists, Orleanists, Bonapartists, — rather than, in politics, simply and solely Frenchmen. This extensive particularism, becoming almost, in many cases, separatism, has served badly the national cause and vastly accelerated what has occurred in France since Russia became Communist. During that period, for the first time effectively in history and becoming far more influential in France than anywhere else, large and politically active groups have become habituated to receiving political direction from sources beyond the boundaries of the nations of their citizenship. The Third International, called the Comintern, as truly a part of the government of the United States of Soviet Republics, with its center in Moscow, as though it were not nominally separated by the imaginary line that is reputed to have all the existence which imagination can support, directs communist groups in France, and long has directed them there, much more closely and effectively than the smaller groups in the United States of America. The efficacy of such alien direction cannot be doubted by any American who was not asleep when Russia made its short-lived pact with Germany, in 1939, and when that pact was dissolved, in 1941, and the whole attitude towards the war in Europe of Communists and their fellow-travelers and sympathizers in this country promptly and radically reversed.

The France which yielded so readily before the German attack in 1940 was divided, as the France of 1914-1918 was not divided, between Frenchmen whose political purposes and action were those dictated from the Kremlin, on the one hand, and upon the other, mutually suspicious and hostile groups of those having all shades of political preferences and principles from the extreme monarchical rightists to extreme collectivist leftists, which could be united with difficulty, only for short periods of time and to meet temporary exigencies. But too obviously, the second group fell short in sympathetic homogeneity while the first operated always as a compact and solid phalanx, knowing the voice of but one master, the Russian authorities of the Comintern. It was a calamitous division. While the Hitler-Stalin pact remained operative, that is until after the 1940 surrender, it gave to the defeatists of France, and to Pierre Laval and the others who preferred Germany to Britain, and their own advancement or advantage to everything else, even to their own country unless it could be under their own dominion, an increment of power probably sufficient to turn the scale against patient sacrifice and courageous defense. It certainly robbed the French people of the magnificent unity and unyielding stamina of 1914-1918 and impaired the general morale to the point at which confusion and surrender could not be escaped.

## President Commutes Browder's Sentence; Says He Has Been Punished Enough

President Roosevelt on May 16 commuted the sentence of Earl Browder, American Communist leader, who had served 14 months of a four-year sentence for making alleged false statements when obtaining a passport. Mr. Browder was released from the Federal Penitentiary at Atlanta, Ga., on May 17.

A White House statement explained that the sentence imposed upon the former General Secretary of the Communist party in the United States "was longer than the usual sentence imposed for offenses involving the fraudulent obtaining and use of passports."

The statement added that the President believes that the "principle of obedience to law has been sufficiently vindicated by the punishment already suffered," and that the commutation of the sentence, just before Mr. Browder becomes eligible for parole, will have a "tendency to promote national unity, and allay any feeling which may exist in some minds that the unusually long sentence in Browder's case was by way of penalty imposed upon him because of his political views."

In addition to the time served Mr. Browder has paid fines of $2,000. The White House statement follows:

> The President today commuted the sentence of Earl Browder to the term already served. By virtue of this commutation Browder will be released from imprisonment as soon as proper arrangements can be made.
>
> Browder is now serving a four-year sentence in the United States Penitentiary at Atlanta, Ga., where he was committed on March 27, 1941, having been convicted in the United States District Court for the Southern District of New York of using a passport which had been obtained by false statements.
>
> It appears that in April, 1937, and again in February, 1938, Browder, on board steamship in New York harbor, returning from Europe, had used for the purpose of identifying himself and proving his American citizenship, a passport which had been issued to him in 1934 and extended upon a renewal application until Sept. 1, 1938.
>
> The false statement which formed the basis of the indictment as shown by the evidence was that Browder had, in 1921, 1927 and 1931, obtained passports under assumed names by means of false statements and that in procuring the passport issued to him in 1934 in his own name he stated under oath that no passport had previously been issued to him.
>
> Browder paid his fines of $2,000 and has now been imprisoned for a year and approximately two months. The sentence imposed upon him was longer than the usual sentence imposed for offenses involving the fraudulent obtaining and use of passports. The President believes that the principle of obedience to law has been sufficiently vindicated by the punishment already suffered by Browder and that the commutation of his sentence, which brings about his release at this time, just shortly before he will become eligible for parole, will have a tendency to promote national unity and allay any feeling which may exist in some minds that the unusually long sentence in Browder's case was by way of penalty imposed upon him because of his political views.

In United Press accounts from Washington May 16 it was stated that the commutation of sentence, according to legal observers, does not restore Browder's citizenship. It was added:

> Browder was the Communist party's perennial candidate for President before his conviction, but unless a full pardon comes later he will never be able to run for that office again.

Among those criticizing the commutation of the sentence, are Major Paul F. Lawrence, New York State Commander of the Veterans of Foreign Wars and Lawrence A. McNally, New York County Commander of the American Legion.

# The State Of Trade

Business activity in some lines showed slight weekly setbacks, but the heavy industries generally were holding at high levels. However, there was a marked drop in car loadings, reports showing a decrease of 19,651 cars or 2.3% compared with the preceding week. Production of electricity rose to the highest levels since mid-March. Steel production was off slightly for the week, but still very close to capacity levels. The Federal Reserve Board estimated department store sales in the week ended May 9th, at 6% higher than in the same week last year.

Drastic changes are taking place in business, especially retail lines. Almost 1,800,000 retailers are now licensed by the Government to do business. A week ago some 220,000 wholesalers and jobbers and 110,000 manufacturers were licensed in a similar manner.

The new OPA price regulations require that each business be licensed and permit the Government, if it so desires where price ceiling violations occur, to suspend licenses, which will mean that a concern can no longer do business.

Economic controls are everywhere in business. The Government, through the War Production Board, is telling business what it can and cannot make and what materials it can and cannot use. Never before has American business or the American public been subjected to so many and such widespread controls.

Evidence of the impact of war is widespread. Conversion of plants from peace-time to wartime production is proceeding at a rapid rate and far more successfully than was at first expected. Moreover, before the end of the year, some 12,000,000 men, or almost one-fourth of the 50,000,000 people at work today, are to be shifted into new jobs, either in the armed forces or on the war-production front, according to Major-General Lewis B. Hershey.

"In 1942 we must triple the number of men who were working in war industries last Jan. 1," he said, "and we must double the number of men in our armed forces by the end of the year."

It is stated that production of war materials is making new highs daily. On almost every side there is evidence that American factories are outstripping the Axis powers in output of armaments. This is the nation's reward for the sacrifices it is making. The economic controls, severe or irritating as they may seem in some instances, are worth while when it is realized that only through them has the nation been able to more than double its output of vital war supplies since the attack on Pearl Harbor.

Effective control of labor has yet to be worked out. The relatively stable current industrial relations are likely to be put to a severe test as the Administration's wage stabilization program results in War Labor Board rejections of union wage demands. Sporadic slowdowns and wildcat strikes are feared.

Strikes in war industries have almost been eliminated. Man-days lost through strikes during April constituted .08 of 1% of all of the man-days worked. Man-days worked in war production plants totaled 213,000,000 in April, and of these man-days 173,500 were lost through 94 strikes and one lock-out.

In contrast the man-days worked in war plants in April, 1941, were 59,000,000 and man-days of idleness constituted 1.75% of the total, according to War Production Board data.

The railroads are playing a highly important role in the war production effort, and are measuring up to the test to an encouraging degree. Eighty-eight class I railroads representing 82.1% of total operating revenues, had estimated operating revenues of $458,632,597 in April, compared with $307,978,405 in April, 1941, an increase of 48.9%, according to the Association of American Railroads.

Loading of revenue freight for the week ended May 9, totaled 839,253 cars, according to the above source. This was a decrease of 19,651 cars from the preceding week this year, 2,104 cars more than the corresponding week in 1941, and 158,625 cars above the same period two years ago. This total was 133.32% of average loadings for the corresponding week of the 10 preceding years.

Production of electricity rose last week to the highest levels since mid-March, the Edison Electric Institute reveals. A total of 3,351,126,000 kilowatt hours was generated in the week ended May 9, up 1.4% from the 3,304,602,000 produced in the previous week and 11.6% over the 1941 comparative of 3,003,921,000.

The steel industry will turn out this week 1,685,000 tons at operations averaging 99.2% of capacity, the American Iron & Steel Institute estimates.

Last week's production was 1,691,800 tons with the mills operating at 99.6% and a month ago the tonnage was 1,657,900 tons and the rate 97.6%.

For the corresponding week a year ago, with the steel industry's capacity less than now, operations were 99.9% and output 1,612,300 tons.

Engineering construction for April totaled $898,696,000, averaging $179,739,000 for each week of the month, according to "Engineering News-Record." The month's volume, on the weekly average basis, was 88% above the corresponding period last year, but declined 1½% from the average for the month previously. The near-record volume of March and the all-time highs of July, 1941, are the only totals that have exceeded the April, 1942, weekly average.

## Hull Warns Of Perils Of Narrow Economic Nationalism Policy In Post-War World

In a statement issued in connection with the celebration of National Foreign Trade Week, May 17-23, Secretary of State Hull said that Americans must realize that achievement of the far-reaching economic objectives of the Atlantic Charter "will be impossible if we follow policies of narrow economic nationalism such as our extreme and disastrous tariff policy after the last war."

"We must realize," Secretary Hull continued, "that our own prosperity depends fully as much on prosperous conditions in other countries as their prosperity depends on ours. We must show now, by our positive acts of collaboration with other nations of like mind, that we are prepared to shoulder our full share of responsibility for building a better world."

The Secretary's statement further said:

> During the year that has elapsed since the last observance of the Foreign Trade Week, a vast change has occurred in our country's position, which profoundly affects the work of those engaged in foreign commerce as it does the life and work of every one of our citizens.
>
> Our country is at war. Together with more than 20 nations united with us in this great struggle, we are engaged in repelling the attacks of powerful and ruthless enemies and are marshaling our human and material resources for armed blows that will crush once and for all the forces of conquest and domination.
>
> The greatly expanded production of our war industries is flowing in ever-increasing volume to our own heroic fighters and to all the battlefronts of the United Nations. With unity and singleness of purpose, by doubling and redoubling our efforts, we are hastening the day of complete victory over the enemies of human freedom, the day when we can begin to build upon firm foundations a world of peace and progress.
>
> In this all-embracing endeavor, foreign trade, as all other phases of our economic activity, must serve the imperative requirements of the great task that is before us. The international movement of goods is indispensable to the winning of the war. It will be equally indispensable to the winning of the peace.
>
> When the war is over, enduring peace and advancing prosperity will be impossible unless international trade and international economic relations in general are established on the basis of fair treatment and mutual benefit. Our war effort itself will be immensely strengthened if we make sure now that one of the principal things we are fighting for is the establishment of a new and better system of international economic relations.
>
> The United Nations have already resolved that, once victory is achieved, the economic relations among nations will be based on the principles and objectives which have been tirelessly advocated by our Government on all appropriate occasions in recent years. These principles and objectives have been affirmed and incorporated in the declaration of Aug. 12, 1941, known as the Atlantic Charter. They have been accepted as a common program by all of our allies in the United Nations Declaration of Jan. 1, 1942.
>
> Of particular interest to foreign traders is the fourth point of the Atlantic Charter, which promises "to further the enjoyment by all States, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity." This must, of necessity, involve the rehabilitation, on a sound basis, not only of trade relations, but also of monetary, financial and all other international economic relationships.

## Newsprint Output Down

Newsprint production in North America in April amounted to 386,376 tons, a decline of 1.9% from the output in the same month last year, according to figures issued by the News Print Service Bureau. Total production for the four months of the year, however, totaling 1,597,953 tons was 4.8% above 1941. The Canadian mills production for April amounted to 277,741 tons and shipments to 238,346 tons. Production in the United States was 82,669 tons and shipments to 81,182, while Newfoundland's output totaled 25,966 tons.

Stocks of news print paper at the end of April were 184,021 tons at Canadian mills and 12,648 tons at United States mills, making a combined total of 196,669 tons compared with 155,787 tons on March 31, 1942, and 194.692 tons at the end of April, 1941.

# THE FINANCIAL SITUATION

*(Continued From First Page)*

### Shortsighted Planning

In fine, those highly articulate leaders among us who would have us play a dominant role in world reconstruction and liberation should, perhaps above all others, interest themselves incessantly in seeing to it that we emerge both solvent and free, and that domestic post-war plans are such that neither solvency nor freedom be endangered here at home. Yet if such interest stirs in their breasts there is little evidence of it—or else they have not the vaguest idea what constitutes or what protects solvency or freedom. Not one of them is heard doing more at most than offering vague lip service to the elimination of non-essential expenditures even at present when the nation is straining to the utmost in its war effort. Few if any of them show any interest whatever in typical American freedoms. Subsidies continue and regulations, some of them at least most unnecessary and unwise, multiply. Now comes the incredible suggestion that public subsidies be provided to keep alive those businesses which regulations otherwise would destroy! More public debt and more governmental dependents—in a vain effort to make foolish regulation work!

### Some Financial Considerations

But consider some of the general features of the program under which the war effort is being financed and the post-war period provided for. In the intensive, nation-wide campaign for the sale of war savings bonds and stamps, one of the "selling arguments" is to the effect that the individual, particularly the person of small means, should save now and buy these savings bonds "in order to have a fund with which to satisfy his wants when the war is over." It is very well, of course, to urge the utmost in saving now, but how are these savers who invest in war bonds to obtain their cash upon the conclusion of hostilities? They can do so only by making demand upon the public Treasury which at that time may well be burdened with $200 billions of debt, which as affairs are now being managed may well be in very substantial proportion in very short term commitments wholly irrespective of the war bonds here in question. Should, as appears to be universally expected, a sharp rise in unemployment occur at that time, the Treasury will, moreover, be at once called upon for large sums in respect of unemployment insurance.

Let it be carefully noted that we shall enter such a period with the public well taught in advance that the time has come to cease to save and to begin spending for what they have long wanted. Let it be further observed that almost certainly by that time the market for any and all types of Government obligations will be glutted, individuals overloaded and the banks bursting with these obligations. Where then will the Treasury obtain the funds to meet the demands which it is daily inviting from the general public? But this is by no means the whole story. Literally thousands of Government employes, national, state and local, are today making their living conjuring "projects" upon which to spend public funds at precisely the time the war comes to an end—to spend public funds which do not exist to bolster the business situation, or, to use a phrase now somewhat out of common usage, prime the pump. Nor is this all. Post-war plans now being developed envisage us feeding, clothing and generally rehabilitating the destitute abroad. It has even been suggested that some sort of lease-lend arrangement be devised for the purpose. Are we to suppose that the Treasury has some mysterious source of inexhaustible funds? Had we not better pause now to inquire whether we are not arranging not for a new heaven and a new earth but a bankrupt Treasury?

### Slaves Preaching Freedom

But the state of affairs that we appear to be in danger of creating is not one whose infirmity lies solely in financial difficulties. Such situations, the offspring of regulation, beget further restrictions. A noted essayist once remarked in effect that the cure for the abuses of liberty is more liberty. There is probably a good deal more truth in the aphorism than in that other doctrine now so often proclaimed in action if not in words that the cure for excessive and faulty regulation is more regulation—which in point of fact leads to confusion worse confounded. Yet some such philosophy appears now to guide the planners in public life, and there is no reason to suppose that another will guide them the moment hostilities have ceased. Enough has been said to suggest strongly that the real danger of a price explosion is likely to come when the rank and file who are now buying war savings bonds and stamps undertake to convert them into cash to effect purchases they have been obliged to postpone, and when many other huge demands are made (according to plan) upon the Treasury for funds to "prime the pump" and the like. One needs to be an optimist indeed to suppose that, given the modern itch to control and the modern faith in restriction, natural economic law will at that time be given an opportunity to effect the adjustments which will be inevitable at one time or another if our economy is to establish itself upon a solid footing.

There is real danger that we shall find ourselves in embarrassing financial difficulties, and in a needless degree, at precisely the time that we desire to take a position of financial world leadership. We may well likewise find ourselves a restricted and regimented people preaching liberty to other peoples far less shackled. A substantial degree of such dangers is inherent in the situation in which we now stand, but there is no good reason why we should not take all precautions available to keep them as slight as may be.

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# Elimination Of State Trade Barriers Urged At Washington Conference On War Restrictions

An appeal to Governors to eliminate for the duration of the war at least local laws and regulations which interfere with the progress of war production was made by Donald M. Nelson, Chairman of the War Production Board, in addressing delegates in attendance in Washington at the Federal-State Conference on War Restrictions, held May 5, 6, and 7 at the invitation of President Roosevelt. Jesse H. Jones, Secretary of Commerce, who presided at the conference, read a message on May 5 from President Roosevelt in which the latter said that the war effort "demands complete mobility and complete marshalling of all our resources of man power, materials and equipment." The President also said:

"Legal obstacles arising from a desire for regional and local advantage in a country so vast, with industry and interests so diverse, tend to defeat the requirements of free commerce and free enterprise among the States. Vexatious and disruptive in peace, in war they become dangerous.

"In recent months, as the nation has geared its economy to war, other State and local laws which in peace time were designed to meet local conditions, have through their very rigidity imposed a heavy toll on national efforts to utilize our resources of land, man power and materials most effectively."

The President on May 19 appointed a committee headed by Secretary Jones to meet yesterday (May 20) with the executive committee of the Governors Conference to take action toward the elimination of State and local legal restrictions impeding war effort. In his letter to Mr. Jones respecting the naming of the committee the President said:

> As you know, divergent State laws and regulations are impeding many phases of the war effort. Those impediments to full production were discussed at your conference last week between representatives of the State Governments and Federal war agencies.
>
> Specific solutions must be developed. The Council of State Governments has suggested that I appoint a committee from the war agencies to meet with the executive committee of the Governors' Conference and formulate those solutions.

Besides Secretary Jones, the President named as members of the Federal Government Committee:

> The Secretary of the Treasury, Attorney General, Under-Secretary of War, Assistant Secretary of the Navy, Chairman of the War Production Board, Director of the Office of Defense Transportation and the Chairman of the War Man Power Commission.

At the May 5 session of the Conference, various officials of war agencies said that unless some of the existing barriers to transportation, building construction and foodstuffs were removed the Federal Government will have to take action itself.

Associated Press accounts reported Joseph B. Eastman, director of Defense Transportation as having told the Conference that he believed most states could and would ease the restrictions voluntarily. But in some cases, he said, this might be impracticable. He added that "in that event, the only alternative seems to be to accomplish its through Federal action under the war power."

Paul V. McNutt, Chairman of the War Man-Power Commission, in addressing the Conference on May 6 said that the United States faces a "supreme test" in mobilizing an additional 10,500,000 workers to more than double the war industry labor supply within the next year. Among other things Mr. McNutt said the commission will work out plans for transferring workers from less urgent to more urgent production; for releasing from Army duty vitally needed workmen, and for utilizing the unemployed, the large army of handicapped men and the potential pool of women workers.

According to the United Press he stated that it is not yet necessary to order a nation-wide registration of women, but that a considerable number must be recruited to meet the demand for war labor.

Secretary of Agriculture Wickard in addressing the conference on the subject of "Speeding Up Food for Freedom," said:

"The Federal Government, no less than the State and local government, is responsible for laws and regulations which undoubtedly hinder the free flow of supplies to farmers and hamper the processing and distribution of farm products as they are produced.

"Let's give these laws and regulations a thorough going over today. We must study them strictly in the light of the war emergency. I believe we are all agreed that every unnecessary obstacle to the production and free flow of the essential farm products must be done away with. As I said at the start, regulations that guard health and safety are just as important in war as in peace. In considering these, we must be careful to continue essential safeguards. I believe there are ways of administering some of these regulations in such a way that the production and flow of farm products can be speeded up without endangering either health or safety. As for restrictions which serve other purposes, we can't afford to keep them at all in this emergency. We must remove every impediment of food production and distribution that can be removed. We must have a flexibility in our regulations that will enable us to deal with each new emergency as it comes up.

"The Department of Agriculture, along with other Federal agencies, stands ready to cooperate with the State governments on sweeping away restraints to the war effort."

Following the conclusion of the Conference Frank Bane, Executive Director of the Council of State Governments was quoted in Washington advices May 7 to the New York "Times" as saying:

"I have asked all war agencies of the Government to compile a list of the specific laws and State regulations which have been interfering with the war program. I have asked also that the Government indicate what it wants done about each law. Once this specific information is available the executive committee of the Council will be in a position to call the Governors together. I expect to have the data by the end of this week and call the committee together Monday or Tuesday."

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# Ceilings In Effect For Retail Prices

The General Maximum Price Regulation went into effect on May 18 on sales at retail and established an absolute ceiling (the highest price paid in March) over practically everything that Americans use, wear and eat. The only exceptions of common interest are a limited number of foods. Certain of the millions of articles covered by the ceiling have been designated by the Office of Price Administration as "cost-of-living" commodities and, as such, are accorded special treatment for the information of the buying public. The Regulation, which was issued April 28, required each retail store to display publicly its ceiling prices for every "cost-of-living" item beginning May 18. The OPA originally required retail storekeepers to file a list of these items with local War Price and Rationing Board by June 1 but on May 15 extended the date to July 1 in order to relieve somewhat the burden of physical work that the Regulation imposed on retailers.

All retailers automatically became licensed by the Government as of May 18, although the actual licenses will be issued later following a national registration to be held soon.

Price Administrator Henderson announced on May 14 a procedure by which retailers in exceptional circumstances may apply for adjustment of an abnormally low maximum price. Emphasizing that the machinery is not intended for widespread use, Mr. Henderson said:

> Merchants whose margins are lowered or even eliminated on an article or a group of articles not making up a substantial portion of their total volume must consider it their duty to absorb the difference or to seek relief from their suppliers. There will be many cases where the burden can be spread over more profitable lines, while in others the situation will prove only temporary.
>
> We do not expect applications for relief except in the most unusual circumstances.

This is the second step of the General Price Regulation, since ceiling prices for wholesalers and manufacturers went into effect on May 11. The next step under terms of the Regulation will be the ceiling on sale of services at retail which becomes effective on July 1. Under the over-all ceiling the prices at all levels—manufacturer, wholesale and retail, and the services connected with the commodities — are the highest charged in March, 1942.

References to the price regulation appeared in these columns April 30, page 1705, and May 7, page 1785.

# House Group Votes Normal Tax Rise To 6% Joint Returns And Lower Exemptions

The House Ways and Means Committee resumed this week its consideration of individual income tax rates as part of the Treasury's goal of $8,700,000,000 in additional revenues.

The House group on May 19 tentatively voted to increase the normal tax rate in the case of individuals from 4% to 6% and agreed that, with surtax rates, at least $2,750,000,000 additional should be raised from individual taxpayers. The Committee was expected to decide finally on surtax rates yesterday (May 20). It was reported that the lowest rate said to be under consideration is 11% or 12% on the first $2,000 of net income, compared with the present rate of 6%, and that the highest contemplated is 80%, or 85%, as against 77% now on the highest income.

The Committee on May 15 tentatively included in the tax bill a provision compelling joint income tax returns by husbands and wives but voted against taxing the income either from outstanding or future issues of State and municipal securities. Both these controversial issues had been recommended by the Treasury. It is reported that the House group voted 13 to 10 in favor of mandatory joint income tax returns—estimated to bring in $350,000,000 in new revenue. The group's action in refusing to tax State and local bonds is said to eliminate about $200,000,000 in additional revenue. It is expected that the controversial joint return issue will meet strong opposition, since a similar proposal was defeated on the House floor last year. The chief objection comes from the nine community property States and various women's organizations.

Previously (on May 13) the House Committee voted to reduce personal income tax exemptions from the present $750 to $500 for single persons and from $1,500 to $1,200 for married couples. It also decided to retain the present $400 credit for dependents and the 10% earned income credit allowed for individuals with an income of up to $14,000.

Secretary Morgenthau proposed to the Committee on May 7 that exemptions be reduced to $600 for single persons, to $1,200 for married couples and $300 for dependents. He estimated at that time that his proposal would yield $1,100,000,000 in new revenue of which only about $100,000,000 would come from the 6,900,000 new taxpayers affected by the lowering of exemptions, as noted in these columns May 14, page 1867. It is estimated that the House Committee's reductions will increase individual income tax revenue by $1,200,000,000. Mr. Morgenthau had also asked for elimination of the earned income credit.

The House Committee on May 13 also rejected the Treasury's recommendation for reduction of the present 27½% depletion allowance granted to oil producers and other companies developing natural resources.

Secretary Morgenthau told his press conference on May 14 that the Treasury is studying a proposal for a normal "head" tax on everyone who files an income tax return. He said that an assessment of around $5 would bring in to the Treasury about $100,000,000 a year. If such a tax is legal, Mr. Morgenthau explained, the Treasury will recommend its adoption, adding that such a fee would reimburse the Government for the expense of examining otherwise non-taxable returns. The idea for such an "examination fee" was first suggested, it is understood, by Senator George (Dem., Ga.), Chairman of the Senate Finance Committee.

Opposition to the House group's lowering of income tax exemptions was expressed in the Senate on May 15 by four ranking members of the Senate Finance Committee—Senators Brown (Dem., Mich.), La Follette (Prog., Wis.), Taft (Rep., Ohio) and Vandenberg (Rep., Mich). They also expressed objection to the Treasury's suggestion that a "head" tax be levied on those filing income tax returns.

On May 17 the American Federation of Labor issued a formal statement protesting against lowering exemptions, saying that it "will not result in equity of sacrifice. It will hurt most those who are least able to pay." The A. F. of L. Executive Council added that "we don't doubt for a moment that Congress will exact heavy taxes from persons with high incomes this year, but we submit that it is much less of a sacrifice to give up luxuries for the sake of the war than to destroy the minimum standards of decent living."

With the sudden death of Representative Patrick J. Boland, on May 18, the Ways and Means Committee adjourned (as well as the House) on that day out of respect to his memory. Mr. Boland was Democratic Whip of the House.

# Pope Pius Broadcasts New Appeal For Peace

Making a new appeal for peace, Pope Pius XII in a broadcast from Rome on May 13, offered his plea by stating that "we have labored both before the outbreak of war and during its course for peace with all our mind and strength and within the ambit of our Apostolic Ministry. But now," His Holiness went on to say, "when the nations are living in the painful suspense of waiting for new engagements to begin, we take the opportunity offered by this occasion to speak once again a word of peace and we speak that word in the full consciousness of our absolute impartiality toward all the belligerents and with equal affection for all peoples without exception."

Speaking on the eve of the occasion of the feast of Christ's Ascension into Heaven, and on the 25th anniversary of his consecration as Archbishop, Pope Pius continued:

> We know well how, in the present state of affairs, the formulation of specific proposals for a just and equitable peace would not have any well-founded probability of success. Indeed, every time that one speaks a word of peace one runs the risk of offending one or the other side.
>
> In fact, while one side bases its security on the results obtained, the other rests its hopes on future battles.
>
> If, however, the present line-up of opposing forces and of gains and losses in the political and military spheres, does not show any immediate practical possibility of a just peace, the destruction wrought by the war on all nations, in the material and spiritual planes, is all the time accumulating to such an extent that it calls for every effort to prevent its increase by bringing the conflict to a speedy end, even prescinding from arbitrary acts of violence and cruelty against which, on former occasions, we raised our voice in warning.
>
> And we repeat that warning now with insistent supplication, even in the face of threats of still more deadly warfare.

In his broadcast the Pope essayed that "the cries for help which each day brings to us would tell us, if we did not already know it, what the present moment in its onward rush asks and demands from the Church, namely, to use her authority to secure that the present terrible conflict may cease and the flood of tears and blood may issue forth into an equitable and lasting peace for all."

In part Pope Pius also said:

> For whole decades a gigantic amount of study and the flower of intellect and good will had been devoted to realizing a solution of the social question and now after all this the peoples must behold how the public moneys, whose wise administration for the public good was one of the cardinal points in that solution, are being spent in hundreds of billions for the destruction of goods and life.
>
> But from the want and sufferings of homes to which we have referred—and which now extend to the whole world—there arises behind the war front another huge front, the front of families injured and in anguish. Before the war some people now in arms could not even balance their deaths with their births; and now the war, so far from remedying this, threatens to send the new additions to the family to physical, economic and moral ruin.
>
> We should like, then, to address a fatherly word of warning to the rulers of nations. The family is sacred; it is the cradle not only of children but also of the nation—of its force and its glory. Do not let the family be alienated or diverted from the high purpose assigned to it by God. . . . Do not let the family home, and with it the school, become merely an anteroom to the battlefield. . . .
>
> We make a warm, fatherly appeal to statesmen that they may not let any occasion pass, that may open up to the nations the road to an honest peace of Justice and moderation, to a peace arising from a free and fruitful agreement, even if it should not correspond in all points to their aspirations. . . .
>
> Let us rekindle in ourselves the spirit of love; let us hold ourselves ever ready to collaborate with our faith and our hands, after the most extensive, disastrous and bloody cataclysm of all history, to reconstruct from the pile of material and moral ruins a world which the bonds of brotherly love will weld in peace, a world in which, with the help of the Almighty, all may be new hearts, words and works.

# WPB To Cut New War Plant Construction

A spokesman for the War Production Board said on May 16 that virtually all contracts for war plants which cannot be completed and in production by mid-1943 would be canceled, according to Associated Press Washington advices of May 16, which added:

> The drastic decision — giving complete emphasis to Chairman Nelson's "do it now" philosophy —means, he added, that approximately two-thirds of all the war plant construction approved or under contract will be abandoned.
>
> WPB was said to have been guided to this decision by two major considerations: severe shortages of raw materials and belief that developments this spring and summer may spell a turning point in the war.
>
> It was explained that construction will be pushed on such facilities as synthetic rubber and aviation gasoline plants, but will be cut down on such projects as new steel plants.
>
> WPB has determined to produce 60,000 planes, 45,000 tanks and 8,000,000 tons of shipping in 1942 and deal with the vastly increased program for 1943 when that time comes, officials explained.

The same advices stated:

> The raw materials "pinch" has reached the point, it was understood, where WPB now has determined to concentrate available supplies on production of arms and munitions rather than on the plants in which they are made.
>
> The program was described in this manner:
>
> Facilities already "substantially under way" will be completed.
>
> All war construction authorized or under contract, but not yet begun, will be reviewed and evaluated on the basis of answers to four questions: Is the project absolutely necessary? Can existing plants or facilities be used instead of new construction? How much of a drain will it be on materials supplies? When would it be in production?
>
> Further, if and when new plants are approved in the future, they will be erected strictly as temporary buildings —probably constructed largely of wood and using little if any steel.

# Gas Ration'g Confusion Not Reduced As Quickly As Desired, Says FDR

President Roosevelt, commenting on the conflicting reports emanating from Washington concerning gasoline rationing, said that the "press initially contributed to the confusion and this confusion was not reduced as rapidly as might have been by Government departments most directly concerned."

The statement was contained in a letter to Governor Wills, of Vermont, who made public the letter on May 15, in Montpelier, with White House approval.

In a telegram to President Roosevelt on April 26, Governor Wills had criticized "cross purpose announcements originating in Washington from many governmental agencies which there abound." Mention of this was made in these columns April 30, page 1710. According to Associated Press advices from Montpelier, Vt., on May 15, the Governor quoted the President's reply as stating:

> You are right, of course, that conflicting reports from Washington on anything so important in American life as gasoline rationing are disruptive of morale; you are also right that there were seriously conflicting reports about this matter. However, in this instance as in other instances where there have been seriously conflicting reports of developments, the difficulty is not one which is exclusively within the power of the executive branch of Government to control.
>
> For example, the first report emanating from Washington that gasoline might be restricted to from two and one-half to five gallons per week was not an official Government report. It was a press report based on some relatively informed conjectures by newspaper correspondents about what might reasonably be expected in the ration. Thereafter Secretary of Interior Ickes, who directs the Office of Petroleum Coordinator, remarked at his press conference that he thought this estimate too low and a conflict of opinion upon the subject was thus presented to the American people. It detracts relatively little from the seriousness of the conflict that it was not due to conflict within governmental departments.
>
> The estimate of ration attributed to Leon Henderson's office was improperly attributed.
>
> A stenographic report of Mr. Ickes's observations on the situation discloses he neither attributed an estimate of two and one-half to five gallons per week to Mr. Henderson nor questioned it on that basis.
>
> I cite these facts not only to clarify the record, but also to indicate the problem of conflicting statements, which distresses you as it distresses me, is much broader than one which can be easily handled by executive departments of the Government.
>
> In this case the press initially contributed to the confusion and this confusion was not reduced as rapidly as it might have been by Government departments most directly concerned.
>
> In other important cases such as those having to do with rubber supplies there have been direct conflicts between statements purporting to be those of fact by authorized spokesmen of executive departments and members of Congress. These conflicts can only have served, as I think you are right in saying that conflicting statements about the rationing program served, to disrupt public morale.
>
> It is my conviction that now, more than ever, it is the patriotic duty of every public person to exhaust every possibility of avoiding conflict in statements of fact with other public persons or agencies. * * *
>
> And it involves a similar care on the part of all agencies of communication, such as the press and the radio.
>
> Most of the nations with which we are now at war for survival would handle this problem very simply—by fiat. There would be no conflicts of official or seemingly official statements of fact because those who made them would be disposed of if the practice were continued.
>
> You and I believe, however, that such a ruthless procedure would be completely repugnant to the ideals for which we are fighting. Consequently, we have the extremely difficult problem of avoiding the type of conflict in statements of fact which you cite, and at the same time preserving to the maximum the freedoms for which we are fighting.

## Report Wheat Sales

The U. S. Department of Agriculture announced on May 16 that the Commodity Credit Corporation that week sold approximately 1,560,000 bushels of 1941-crop warehouse-stored wheat which was not redeemed April 30, 1942, the maturity date of the loans. The announcement likewise says:

> In accordance with the announcement previously made, the warehouse-stored wheat held under loan which was not sold was acquired by the CCC at the face value of the notes, plus interest and carrying charges. Approximately 197,000,000 bushels of wheat, it is estimated, were taken over in this manner in satisfaction of loans.
>
> Wheat from the 1941 crop held under loan in farm storage, it was announced, may be resealed until April 30, 1943, or may be repossessed any time prior to July 1, 1942. All 1941 farm-stored wheat not redeemed on which loans are not extended will become the property of CCC immediately upon delivery to an accepted warehouse. On May 9, 1942, loans were outstanding on approximately 99,896,000 bushels of this farm-stored wheat. In addition, loans were outstanding on approximately 3,000,000 bushels of wheat from the 1940 crop resealed on farms. This wheat must be redeemed by July 1, 1942, or delivered to CCC.

## Small Income Trusts In Majority ABA Finds

More than half of all trusts administered by the trust institutions of the country have an annual of less than $1,200, Richard G. Stockton, President of the Trust Division of the American Bankers Association, pointed out on May 15 in announcing the findings of a national survey just completed by the Division. Mr. Stockton is Vice-President and Senior Trust Officer of the Wachovia Bank and Trust Co., Winston-Salem, N. C. The survey reveals that 59% of all trusts have an annual income of less than $1,200, the average being $369. It also shows that 76% of all trusts have an income of less than $3,000 a year, with an average of $748. The results of the survey cover 153,646 trusts managed by 1,047 banks and trust companies in 696 towns and cities blanketing the entire country. They represent, it is stated, reports from most of the active trust institutions of the country. In his comments Mr. Stockton said:

> These figures are rich in social significance. They clearly demonstrate that trust institutions are performing a vital service for the benefit of those whose income depends on the competent administration of moderately sized estates. Much of this income is for the benefit of women and children and is used for the support of the home, education of children, care of parents, and for the protection and financial security of other beneficiaries.
>
> While 76% of the 153,646 trusts reported in the survey are in an income group under $3,000, only 2.57% are trusts having an income of over $25,000. The report sets forth the findings in three other trust-income groups.

These show that trusts in the $3,000-$7,500 income bracket represent 12.15% of all the trusts reported and have an income average of $4,739. Those in the $7,500-$10,000 group are but 3.58% of the total, and their annual income averages $8,530. Trusts in the $10,000-$25,000 income group account for 5.10% of all trusts covered by the report.

The survey was conducted by the Committee on Trust Information of the Trust Division, composed of the following:

Towner Phelan, Vice-President St. Louis Union Trust Co., St. Louis, Mo., Chairman;

Henry W. Carlisle, Publicity Manager Guaranty Trust Co. of New York, New York.;

Ralph M. Eastman, Vice-President State Street Trust Co., Boston, Mass.;

Henry H. Judson, Vice-President and Trust Officer Seattle Trust and Savings Bank, Seattle, Wash.;

Harve H. Page, Second Vice-President The Northern Trust Co., Chicago, Ill.;

Craig R. Smith, Assistant Vice-President Central Hanover Bank and Trust Co., New York.

## Warns of Loose Talk

President Roosevelt is reported to have cautioned the members of the Pacific War Council on May 13 of the danger of "loose talk" which might be of value to the enemy. At the Council's regular meeting with the President at the White House this was said to be the main topic of discussion, although the figures on production and the warfare in the southwestern Pacific also were reviewed.

Mr. Roosevelt on May 15 told his press conference that there was probably more loose talk in Washington than anywhere else in the country. He said he was warning against releasing war information on every continent.

## Limit Cost of Movie Sets

The War Production Board notified the film industry on May 6 that it could spend up to $5,000 and no more for movie sets for each picture. Heretofore, it is reported, some sets have cost from $10,000 to $150,000.

The figure covers new materials costs only, the WPB said, and does not count labor or any materials which might have been left over from earlier pictures.

Associated Press advices further states:

> The movie industry, it was understood, had asked for exemption from the $5,000 limit provided for commercial building projects in WPB's recent construction order, suggesting that the movies were essential to public morale and that the industry would voluntarily hold costs to a minimum.
>
> WPB rejected this idea, but still had to decide whether the $5,000 limit should apply to each company's total building for a year, for a picture, or for a single set. The $5,000 per picture figure was chosen as the most reasonable control method.

## US And Norway Raise Envoys To Ambassadors

Announcement was made in Washington on May 12 that henceforth the United States and Norway will exchange diplomatic representatives with the rank of Ambassador. This elevation from the rank of Minister, the State Department said, is "an indication of the importance which this Government attributes to the participation of the Norwegian Government and of Norwegians throughout the world in the war effort of the United Nations."

President Roosevelt, who had proposed the change to which the King of Norway agreed, sent to the Senate the nomination of Anthony J. Drexil Biddle, Jr., present Minister to the refugee government of Norway in London, to be the first Ambassador. Similar action with respect to the Netherlands Government was taken on May 7.

The nomination of Mr. Biddle to the Norwegian post and also to the Netherlands' Ambassadorial post in London was confirmed by the Senate on May 12. Mr. Biddle has also been serving for some time as Ambassador to the exiled Governments of Belgium and Poland as well as Minister to a number of other governments in exile in England.

The State Department issued a statement on May 12 which said in part:

> For two years the annals of the age-old struggle of free men to preserve their liberties have been enriched by the heroic feats of Norwegian men, women and even children in their unrelenting resistance to the vicious German invaders who now occupy their country.
>
> Assailed from without by overwhelming military force and betrayed from within by a handful of traitors headed by a man whose very name has become synonymous with perfidy, the Norwegian people and their king have nevertheless been unalterable in their determination to restore their freedom.
>
> Accordingly, as an indication of the importance which this Government attributes to the participation of the Norwegian Government and of Norwegians throughout the world in the war effort of the United Nations, the President has proposed to the King of Norway that henceforth the two countries exchange diplomatic representatives with the rank of Ambassador.

On May 13 the unity of purpose of the two countries to maintain their freedom was stressed by President Roosevelt and King Haakon of Norway when Mr. Biddle presented his credentials in London and Wilhelm von Munthe af Morgenstierne, the Norwegian Minister, submitted his credentials in Washington.

Ambassador Biddle presented a letter of credence from President Roosevelt which said, in part:

> In peace, and now in war, unique ties link the destinies of the peoples of Norway and of the United States. Norwegian-born men and women by the hundreds of thousands have found in the New World a warm welcome among kindred people and have made immeasurable contributions to the spiritual and material development of their adopted land.
>
> It is peculiarly fitting, therefore, that the United States and Norway should exchange Ambassadors as a symbol to our friends and to our enemies of the unity of purpose of two nations equally determined to maintain their freedom against the assault of evil forces.

King Haakon stated that he greatly appreciated the proposal "that the representatives of our respective countries should be given the rank of Ambassador, in recognition of the special ties of friendship and collaboration which unite our peoples in their common fight against the enemies of all free nations."

## Army Will Take Control Of Commercial Airlines

The War Department announced on May 14 that the domestic air lines will soon be put upon a full war-time footing under an order terminating all routes and services not regarded as essential to the war program. New air transport schedules, prepared by the Civil Aeronautics Board, are to be announced shortly, the Department said. Under the new plan "about to be put into effect," the commercial air fleet will be utilized in three separate ways. The announcement explained this as follows:

> A substantial proportion of the available flight equipment will be transferred outright to the Army Air Forces to be available for operation by Army personnel in the various services and commands.
>
> The airlines themselves will convert approximately 70 ships into cargo carriers, title to most of which will remain in the companies, to be operated by airline personnel, under contract for the Air Service Command.
>
> The remaining ships, aggregating about half of those now in commercial service, will until further notice continue to be owned and flown by the airlines, but will be considered always available for emergency military missions.

The statement further said:

> Air travel vital to the country's needs will continue subject to a strict system of priorities to be enforced through agencies in various centers in different parts of the country. All persons who can travel by train are to do so, except in real emergencies.
>
> Merely because an individual is a member of our armed forces or is engaged in war work will not, in itself, entitle him to the use of air transport.

The statement added that:

> The entire plan follows the intent of the law setting up the airlines as an element of national defense and has been drawn up for the purpose of further utilizing in the war effort the equipment of the airlines and the valuable experience of their trained personnel.

Air travel has been under a system of priorities for some time but under the new order the terms will be more stringent.

## Cost of Living Shows Rise Of 1% In April

Due chiefly to a 3% rise in clothing and a 1.3% increase in food, the cost of living of wage earners and lower-salaried clerical workers in the United States rose 1% from March to April, according to the Division of Industrial Economics of the Conference Board. Under date of May 15 the Board further said:

> Men's clothing rose 3.3% while women's clothing was 2.7% higher.
>
> Fuel and light declined 0.3% due wholly to a reduction of 0.5% in coal, while housing rose 0.3%, and sundries were 0.6% higher.
>
> The Board's index of the cost of living (1923=100) was 97.1 in April as compared with 96.1 in March, 95.1 in February, 94.5 in January, 93.2 in December, 92.9 in November and 86.3 in March, 1941.
>
> Living costs were 11.7% higher than in April, 1941. Food prices led the advance over the year period with a rise of 22%. Clothing prices were second with a 20.6% rise. Other rises during the 12 months were: sundries, 5.9%; fuel and light, 4.3%; and housing, 3.6%.
>
> The purchasing value of the 1923 dollar declined to 103.0 in April. In March it was 104.1, in February 105.2, in January 105.8, and a year ago it was 115.1.

## Limits Use of Cocoa

The War Production Board on May 11 acted to curtail the supply of cocoa products used in making such confections as chocolate candy, chocolate coated foods, powdered cocoa, chocolate covered ice cream, cocoa butter, and chocolate syrup. It is pointed out by the Board that the chocolate in these products is obtained from cocoa beans. Order M-145 and Supplementary Order M-145-a, issued May 11, restrict the amount of cocoa beans that may be ground or pressed during the balance of May and the month of June to 38.8% of the grindings during the three months ended June 30, 1941. This percentage represents 70% of the total grindings during the 1941 period, prorated over the remaining portion of the current quarter. The percentage for the next quarter will depend upon the supply prospects for that period, says the WPB announcement, which added:

> Any processor who had a total of 50,000 pounds or more of cocoa beans on hand under his control, or in transit to him in the United States on May 1 must report to the WPB on Form PD-473, by June 1, his supply of cocoa beans and the amount he processed each month during 1941.
>
> The supply of cocoa beans is imported chiefly, from the Gold Coast, Ivory Coast, and Nigeria areas of West Africa, and from Brazil. The shipping space allocated to cocoa beans from all of these sources, between April 1, 1942 and Dec. 31, 1942, has been cut to 20% of estimated unregulated consumption of cocoa beans for that nine-month period. Furthermore, imports during the first three months of 1942 were only about 34% of consumption. On April 1, 1942, the supply of cocoa beans in the United States was 452,000,000 pounds, or somewhat less than a year's supply on an unrestricted basis. Today's order is designed to make this supply last about 16 months.
>
> The United States is the largest consumer of cocoa beans in the world, taking about 39% of the total world production. In the three years ended Dec. 31, 1941, the total annual consumption of cocoa beans in the United States averaged about 500,000,000 pounds, while per capita consumption was nearly four pounds.
>
> Any processor may process, without charge to his quota, cocoa beans for the following agencies and persons directly connected with the war program:
>
> The Army, Navy, Defense Supplies Corporation, Veterans Administration hospitals and homes, and any Lend-Lease agency; the American Red Cross and the United Service Organizations; and operators of camp restaurants, post exchanges, and similar camp or ship services for soldiers and sailors.

## April Life Insurance Sales Decline

The sales of ordinary life insurance in the United States in April amounted to $462,761,000, about 23% below the volume sold in the corresponding period of 1941, according to the monthly survey issued by the Life Insurance Sales Research Bureau, Hartford, Conn. The total sales volume for the first four months of 1942 is reported at 2,650,996,000, which is about 18% more than the amount sold in the same period of 1941.

The sales volume and the ratios for all sections are reported by the Bureau as follows:

| | —April, 1942— | | –Year to Date– | |
|---|---|---|---|---|
| | Sales Volume in $1,000 | Ratios '42-'41 All Cos. | Sales Volume in $1,000 | Ratios '42-'41 All Cos. |
| U. S. Total | $462,761 | 77% | $2,650,996 | 118% |
| New Engl'd | 37,131 | 78% | 213,527 | 118% |
| M. Atlantic | 118,591 | 73% | 741,946 | 119% |
| E. N. Cent. | 106,487 | 78% | 595,495 | 115% |
| W. N. Cent. | 44,931 | 80% | 245,663 | 119% |
| S. Atlantic | 45,968 | 77% | 250,167 | 115% |
| E. S. Cent. | 18,950 | 78% | 106,925 | 122% |
| W. S. Cent. | 32,604 | 76% | 191,317 | 116% |
| Mountain | 11,998 | 74% | 63,570 | 113% |
| Pacific | 46,101 | 91% | 242,386 | 128% |

## Victory Fund Committees To Aid War Bond Sales

Secretary of the Treasury Morgenthau announced on May 13 plans for the organization throughout the country of Victory Fund Committees to be set up in each Federal Reserve district and to be made up of bankers and members of the securities industry to aid the Treasury's financing program. This organization, it is pointed out, will work chiefly with the larger investors and will in no way duplicate the work of the War Savings Staff.

The Treasury Department's announcement also said:

> Because the nation's war needs have increased tremendously the money-raising responsibilities of the Treasury, the Secretary of the Treasury has accepted the offer of the banking and securities industry to co-ordinate their efforts in helping to distribute Government securities.

It is indicated that committees headed by Presidents of the Federal Reserve Banks will be set up in each Federal Reserve District, the organizations being developed through assistance given the Treasury by the banking and securities industries. The Treasury Department as to this said:

> The collaboration of these organizations will be formalized with the establishment of the new Victory Fund Committees, tied together nationally by a committee of Federal Reserve bank presidents, of which the Secretary of the Treasury will be chairman. The Chairman of the Board of Governors of the Federal Reserve System will provide the liaison between the Reserve banks and the Treasury.
>
> In some districts executive committees may be set up for operating purposes, and district committees, with approval of the Secretary of the Treasury, may set up regional subcommittees.

## From Washington

(Continued from First Page)

But coupled with his strong words was a plea that the Communists ought to realize that Hitler was not their friend and for their own protection, they should let our production go along unhindered.

Well, a few weeks later, Hull's words had come true—the Soviets now say they had known it all the time—and we and the Communists were buddies. Now, although the Communists are still saying that after the war is won, there will be a job for them to do on the capitalistic countries, they are going along, purportedly, in a wholehearted war effort on our part.

In that light, as I understand it, Browder has been released. Frankly, I believe his was a political sentence. It came on the eve of the 1940 Presidential campaign when one of the issues which the Republicans planned to make against the New Deal was its association with Communists. The Communists at the time had turned against the New Deal because of its aid to Britain and France policy. I still have my doubts as to how many of them voted for Willkie but it is one of the most amazing episodes in American politics that the New Deal which had worked hand and glove with these fellows for so many years, succeeded in the closing weeks of the campaign in attaching the Communist label to the Republicans.

But that is all water over the dam. What we now want is unity. Well, the New Deal hasn't let up on the Isolationists. Washington today is ringing with the vicious story which a certain and odious New York group has peddled about a Senator long in public life and who occupies one of the most prominent places in Government. Parenthetically, I should warn this group that the story hasn't helped their cause or the people to whom they are catering, in the slightest. There is not the slightest doubt in Washington that the motive behind this attack is that the Senator was an Isolationist.

The attack is not confined to him. There is a movement afoot to smear all of the Isolationists. One of the remarkable stories of history is that Mr. Roosevelt, with all of his power, with his power over all the world, has been for six years personally directing the fight against Ham Fish, an unimportant Congressman from a very unimportant district. This writer knows for a fact, that in the last few weeks of the 1936 campaign, when Mr. Roosevelt knew he had won again, tremendously, he ordered money and men sent into Ham Fish's district—which is Mr. Roosevelt's—to defeat him. He did the same thing in 1940.

These two men — these two spoiled children — have always been neighbors. I doubt seriously, though, that Ham, with all of his faults and his stupidity, would be devoting his time today to trying to "get" Mr. Roosevelt if the situations were reversed.

I submit that if there is to be immunity for Earl Browder there should certainly be immunity for Ham. And the business men. A year ago this time there was a tremendous battle on in Washington as to whether Industry should build new plants. The Industrialists were rightfully frightened because they thought the New Dealers wanted these new plants, to which the Government was to hold title, to compete with them after the war. Steel was particularly on the spot.

Now, after all these months, the war managers have decided that the thing to do is to use all available raw materials for equipment for the soldiers—and not for new plants.

Just what the Industrialists were contending a year ago.

## WPB Aids War Financing

The Bureau of Finance of the War Production Board reported on May 15 that during April it helped manufacturers obtain $55,109,969 of financing for war production from local banks, Federal Reserve Banks, the Reconstruction Finance Corporation, Defense Plant Corporation, Army, Navy, Maritime Commission and prime contractors. The financing, it is announced, went to 289 companies throughout the country, many of which received their loans from local banks.

The Bureau has representatives in 35 WPB field offices who give advice and assistance to firms engaged in war production or seeking war orders.

In explaining its functions, the WPB announcement stated:

> Making no loans itself, the Bureau endeavors wherever possible to arrange financing of war work through local banks. Frequently it obtains commercial loans for war contractors or potential contractors by helping them to demonstrate that their contracts constitute a sound basis for credit.
>
> War production involves extraordinary credit requirements for many manufacturers, especially smaller firms called upon to do a volume of business far in excess of normal. Such firms often must employ two or three shifts of workers instead of their normal single shift, acquire increased storage space to accommodate inventories, increase supervisory and clerical staffs, and buy additional equipment. In many instances, credit based on normal volume has proved inadequate. Among the solutions are advances from Government procurement agencies; loans by local banks, which the Government sometimes guarantees in whole or in part; and loans by the armed services and other Government agencies.
>
> When the required financial assistance cannot be arranged through a commercial bank or, in the case of subcontractors, through their prime contractors, the Bureau of Finance assists the manufacturer to make proper applications to the Reconstruction Finance Corporation, a Federal Reserve bank or other Government financing agency.

By an Executive Order made public March 26, the War Department, the Navy Department and the Maritime Commission may make or guarantee loans for war production. The services also may make advances on contracts to provide necessary working capital. Established on March 29 by order of J. S. Knowlson, Director of Industry Operations of the WPB, the Bureau of Finance took over the functions of the Financial Section of the WPB's Contract Distribution Branch.

## Child Congress Adopts Declaration Of Rights

Delegates to the eighth Pan-American Child Congress in Washington adopted on May 9 a "declaration of opportunity for children" which summarized the program formulated at the sessions which opened on May 4.

The declaration, adopted at the closing session, covers seven fields as follows:

"1. Opportunity for every child to grow up within the care and loving discipline of family life.

"2. Opportunity for every child to obtain the essential elements of wholesome, healthful living.

"3. Opportunity for every child to find out what his or her special abilities are, and to secure education and training to develop those powers.

"4. Opportunity for every child to develop responsibility and to learn to participate in the world's work.

"5. Opportunity for every child to use creatively part of the free time remaining from classroom or job, in learning and practicing freely chosen, enjoyable activities and skills, including participation in normal social activities with other children.

"6. Opportunity for every child as a citizen to take his place in the life of the community.

"7. Opportunity to take part in some of the many creative ways of transforming the raw materials of human life into usefulness or beauty—as artist or craftsman; as worker on the soil or in the mine, mill, or factory; as leader or follower in organizations for community betterment; or as scholar, scientist, or spiritual leader."

Mordecai Ezekiel, economic adviser to the Secretary of Agriculture, on May 5 told delegates from the 21 American republics about present programs of stimulating food consumption and production in the United States. From the Associated Press we quote:

"These programs include, he explained, direct free distribution of surplus products to relief clients, the food-stamp plan, school lunches, 'nickel-a-quart' milk programs for relief families and 'penny-a-glass' milk for school children.

* * *

"As the system of Government subsidies for adequate nutrition is extended," he said, "it might be made even more effective by trading food surpluses of one country, such as wheat, beef or sugar, for surpluses of other countries, such as cocoa or bananas, to the advantage of the school children in both."

A message to the Congress from President Roosevelt was given in our issue of May 14, page 1876.

## Define Govt. Business For X 'Gas' Ration Cards

The following statement defining official government business in connection with the issuance of X gasoline rationing cards was issued on May 13 by Leon Henderson, Administrator of the Office of Price Administration:

> Section 1394.32 of the Emergency Gasoline Rationing Regulations authorizes the issuance of a Class X card if all or substantially all of the use of the vehicle in question is certified by the applicant to be for the official business of a Federal, State, local or foreign government or government agency.
>
> A car is deemed used for official business to the extent that it is actually driven on government business in carrying out the functions of the particular agency of office.
>
> In my opinion the use of a private car by a member of Congress or any other Federal or State employe in order to transact business with a government agency is official business.
>
> Use of a car by any Federal or State employe for driving to and from his work entitles such person to an appropriate A or B card, and if necessary he may file an application with his Local Board for a supplementary ration. Such use is not official business. But if a person is otherwise eligible for an X card, he may use that card for gasoline necessary to get to and from work.
>
> Persons who have received an X card under an erroneous or mistaken interpretation of the intent of the regulation may return the X card to any registration place and apply for a card of the proper class.
>
> I am relying on the good faith and patriotism of those who hold X cards to see to it that the privilege is not abused for private use.

## Study S. Africa Resources

The United States is sending a special mission to the Union of South Africa to explore the possibility of developing natural resources for the United Nations' war effort. The United Press in indicating this as having been disclosed in Washington, stated that an informed official said the mission, composed of members of an interdepartmental committee, is the forerunner of several that will be sent ultimately to neutral and Allied nations throughout the world to explore their potentialities in replacing raw materials cut off by the Axis nations. From the United Press accounts we also quote:

> David Sharpstone of the Metals Reserve Corporation, a subsidiary of the Reconstruction Finance Corporation, already is in South Africa. The War Production Board will be represented by Colin Wickersham and the Board of Economic Warfare by Hickman Price.
>
> The State Department also will be represented, relying on its local consular and diplomatic officials.
>
> * * *
>
> It was emphasized that the mission is primarily exploratory. Its members will combine on reports indicating the extent to which South Africa can supply needed goods. They also will study the problem of available shipping.

## Chattanooga Papers Unite

The Times Printing Co., publishers of The Chattanooga (Tenn.) Daily, Evening and Sunday "Times," and the Chattanooga News-Free Press Company, publishers of The Chattanooga "News-Free Press," afternoon and Sunday editions, on May 9 announced according to Chattanooga advices to the New York "Times" the signing of an agreement to form a new agency corporation to conduct the production of the papers and to direct their advertising and circulation departments. Under the arrangement, it is stated The Chattanooga "Evening Times" suspends publication as does The Chattanooga "Sunday Free Press" effective May 10. The announcements as given in the New York "Times" says in part:

> Both the Chattanooga "Times" and The Chattanooga "News-Free Press" join in asking your continued support and patronage for The Chattanooga "Daily Times," published each week-day morning; The Chattanooga "News-Free Press," published each week-day afternoon; The Chattanooga "Sunday Times," published every Sunday.
>
> A new agency corporation to be known as Chattanooga Publishing Company has been formed to conduct the production of these newspapers and to direct their advertising and circulation departments.
>
> The officers of Chattanooga Publishing Company are:
>
> Chairman of the Board, Adolph Shelby Ochs; President, Roy McDonald; Vice-President, Godfrey N. Nelson; Secretary, Everett Allen; Treasurer, John M. Adams.
>
> Board of Directors consists of Everett Allen, Roy McDonald, Godfrey N. Nelson, Adolph Shelby Ochs, Arthur Hays Sulzberger.
>
> The "Times" and "News-Free Press" will continue to maintain independent and competitive news and editorial staffs, and the new agency company will have no direction over the news and editorial departments of either.

It is noted that the directorate of the new company is composed of persons who are identified with the two Chattanooga newspapers and the New York "Times."

## Year End War Spending May Be $60 Billions

Donald M. Nelson, Chairman of the War Production Board, asserted on May 14 that the nation's war production program reached a spending rate of $41,000,000,000 a year in April and forecast that by the end of 1942 it will be at a $60,000,000,000 pace. He contrasted these figures with President Roosevelt's declaration last January for a $40,000,000,000 war program in 1942 saying that this total "looked fantastic" at that time. Mr. Nelson added that "our goal is and must be the absolute physical maximum of production," attained through building new factories and converting civilian industry, and said that the only limits to war production are "the double problem of time and materials."

Mr. Nelson addressed 200 men and women prominent in the fields of industry, philanthropy, social welfare, society and the professions at a dinner in the Waldorf-Astoria Hotel, New York City, given by the National Institute of Social Sciences.

At the dinner, Mr. Nelson, Mrs. Anne O'Hare McCormick of the editorial staff of the New York "Times," and Dr. Rufus B. von KleinSmid, President of the University of Southern California, received the Institute's gold medals for "distinguished service" to humanity.

Presentation of the medal to Mr. Nelson was made by Bernard M. Baruch, who was Chairman of the War Industries Board in 1918.

The award to Mrs. McCormick for her work symbolizing America's free press was presented by Dr. Gano Dunn, President of Cooper Union, while the gold medal conferred upon Dr. von KleinSmid, for developing Pan American cultural relations, was presented by Willis H. Booth, Director of the National Industrial Conference Board.

In his address, Mr. Nelson said that this nation is succeeding in becoming the world's greatest producer of war goods and "is actually doing things today which were truly unthinkable a year ago. It is executing programs which sounded utterly fantastic no more than six months ago." He also asserted that the civilian economy will be "lean" until the war is won, adding that the American people will put up with any privation or sacrifice necessary to victory.

## War Expenses In April

The average daily rate of expenditure for war purposes in April increased to $131,600,000, as compared with $114,900,000 in March, Donald M. Nelson, War Production Board Chairman reported on May 11.

For the entire month total war expenditures, including Treasury checks and disbursals by the Reconstruction Finance Corp. amounted to $3,421,000,000, he said, as against $2,987,000,000 in March.

"April daily rate expenditures were more than four times those of a year earlier and nearly double those of November, 1941, the month before the attack on Pearl Harbor," Mr. Nelson said, adding:

> Expenditures reflect the growth of the armed forces as well as increased production. Rising prices affect increased expenditures but are to some degree offset by increased efficiency in production, which means lower unit costs.
>
> Hence, the rapidly rising expenditures may be considered as a rough measure of our vast war effort. Americans can draw much satisfaction from this picture, which means that a mighty mobilization of materials, machines and man power is proceeding at a rapid pace. Now we must strive to increase the daily rate of expenditure very greatly.

# Says Free Speech Must Be Maintained

(Continued from First Page)

Generally, there are three tests of criticism of the conduct of the war. That is, it should be decent and should be directed to those things that hinder winning this war or that undermine free men in America both now and after the war.

Among other things, Mr. Hoover stated that "from a philosophical viewpoint I would like to see the Sixth Columnists given a little more liberty." "They are defined," he said, "as the ones who discuss the war or speculate or even criticize in private conversation." He added:

> To a person who is reminiscent of American life, it would seem that particular restraint is too drastic. The American people have always been a debating society. They get immense satisfaction out of gossip. They always have views. They always speculate about events. They are profoundly anxious over the fate of their loved ones, and the welfare of their country. And all this cannot be stamped out of them by a hobnailed heel. They will debate and speculate on this war around every corner grocery store, every logging camp, every machine shop, every family table, at every party, whether it serves beer or tea, lemonade or cocktails. Even if it is not specifically mentioned in the Constitution, it is part of Americans' inalienable right. All this is the stuff that makes free men. This is the way democracy resolves its problems. It is not sedition. It comes from concern to win the war and they ought to be allowed to grouse and gossip a little without being Sixth Columnists. The excommunication of that category of evildoers puts too great a weight on our national safety valve.

In asserting that "we have three major tasks before the Nation," Mr. Hoover said:

> We must win this war if we would preserve liberty. We must secure recovery after the war of our suspended liberties. We must secure lasting peace if liberty is to live. I have three more suggestions to these ends.
>
> First, to win the war we need develop the most effective organization of it. Before the last war ended there came out of the swamps of the war organization of all principal nations the same formation—the establishment of a National War Council. Every nation came to it — American, British, French, Italian and German.
>
> In this present war the British, the Germans, the Russians, the Italians, and I expect the Japanese, have such Councils. I believe the time has come when America should have a more definite War Council embracing in its members the civilian heads of the great war agencies. It should sit directly with the President as many times a week as is necessary. Within such a body a vast amount of coordination, overlap, and conflicting policies, which are the inevitable consequence of war, could be planed out. Perhaps also it could detour a little of these reforms in liberty until after the war.
>
> Second. In the last war we made little advance preparation to cross the precipitous mountains of after-war disorganization or of methods to recover the lost freedoms. We were then ignorant of what lay ahead. We know more about it this time. We need to think out economic reconstruction. We must think out the recovery of freedom. And that preparedness can come only from organized objective research and public debate. It must come from many sources and many places and not from the Government alone. It is a safe area for vigorous speech.
>
> Third. The last time we did not prepare for peace-making. We were told: "Destroy the Kaiser first. Discuss peace afterwords." Today, again, it is "Hitler, Mussolini and Tojo must be first destroyed; we cannot discuss peace until that is done."
>
> We went to the Peace Conference in 1919 animated by the loftiest and most disinterested ideals, but we were totally unprepared for the specific problems and the ambushes that had to be met at the peace table. We did not secure much peace.
>
> There must be just as much preparedness for peace making as there is for war. And in many ways it is a more difficult job. Preparedness for war deals mostly with tangibles, men, guns, ships, planes, money, and with tactics and strategy. Preparedness for peace deals largely with intangibles, the setting up of moral, intellectual, economic and political forces over the whole world which will produce and hold peace.
>
> Nor is this alone the job of the several Government departments now engaged upon it. If we are to make a better job of the peace this time than last it will be because intelligent public discussion develops more ideas and better ideas and because a public understanding of the problems is prepared to accept the solutions made.

# Allotment Figures On Recent Treasury Issues

Final subscription and allotment figures with respect to the recent offering of 2% Treasury bonds of 1949-51 were announced on May 18 by Secretary of the Treasury Morgenthau, indicating that total subscriptions received amounted to $3,283,343,400, of which $1,292,444,100 were allotted.

At the same time, Secretary Morgenthau disclosed that for the 2½% Treasury registered bonds of 1962-67 (so-called "tap" issue), total subscriptions were $882,078,700. They were allotted in full. The books for this latter issue, designed especially for investment by other than commercial banks, were open from May 4 to May 14.

Preliminary results of the offering of these bond issues were given in our issue May 14, page 1880.

Subscriptions and allotments for the 2% bonds were divided among the several Federal Reserve Districts and the Treasury as follows:

| Federal Reserve District— | Total Subscriptions Received | Total Subscriptions Allotted |
|---|---|---|
| Boston | $174,935,000 | $67,734,500 |
| New York | 1,289,326,300 | 493,606,700 |
| Philadelphia | 136,489,900 | 53,614,700 |
| Cleveland | 170,332,400 | 67,555,600 |
| Richmond | 118,470,900 | 47,175,700 |
| Atlanta | 163,858,800 | 72,399,400 |
| Chicago | 719,358,500 | 280,228,400 |
| St. Louis | 83,653,400 | 37,002,900 |
| Minneapolis | 53,172,900 | 23,189,000 |
| Kansas City | 66,997,200 | 28,982,900 |
| Dallas | 84,668,600 | 35,329,800 |
| San Francisco | 216,329,500 | 83,439,500 |
| Treasury | 5,750,000 | 2,185,000 |
| Total | $3,283,343,400 | $1,292,444,100 |

Subscriptions and allotments for the 2½% bonds were divided among the several Federal Reserve Districts and the Treasury as follows:

| Federal Reserve District— | Total Subscriptions Received and Allotted |
|---|---|
| Boston | $55,589,400 |
| New York | 586,998,100 |
| Philadelphia | 27,274,900 |
| Cleveland | 28,918,100 |
| Richmond | 14,881,800 |
| Atlanta | 6,740,700 |
| Chicago | 48,525,600 |
| St. Louis | 6,826,100 |
| Minneapolis | 8,575,200 |
| Kansas City | 5,187,400 |
| Dallas | 19,339,700 |
| San Francisco | 18,055,300 |
| Treasury | 55,166,400 |
| Total | $882,078,700 |

# RFC War Funds Voted; Plan Business Subsidy

The House on May 14 voted unanimously to increase the borrowing power of the Reconstruction Finance Corporation by $5,000,000,000 for war-time loans to expand production and purchase raw materials. This raises the RFC lending authority to $14,000,000,000.

The Senate Banking and Currency Committee approved a similar increase on May 12 but incorporated in its bill authority for the RFC to subsidize business which might be caught in a "squeeze" between price ceilings and rising costs. Under the Senate amendment, the RFC would be authorized at the request of the Price Administrator and with approval of the Secretary of Commerce to:

"Make payments in conjunction with the production, procurement, processing, servicing, or distribution of any article or commodity for the purpose of stimulating production or holding down prices;

"Purchase, acquire, carry, sell, or otherwise deal in any article or commodity."

The agency, it is stated, would be authorized specifically to sell at a loss when deemed necessary.

Senator Wagner (Dem., N. Y.), Chairman of the Banking Committee, said the authority was sought by the Administration in order to maintain distribution of certain commodities where costs might rise too high to permit a profit under ceiling prices.

The approval of additional funds for the RFC by a sub-committee of the Senate Banking and Currency Committee was noted in our issue May 14, page 1868 and on page 1872 reference was made to the prediction by Senator George that the Government will be forced to subsidize some business under the general price freezing order to avoid hardship and bankruptcy.

## Study NYC Real Estate

Mortgage and lending policies of many financing institutions may well be drastically revised as the result of a study now being offered for limited distribution by five important mortgage agencies, the Savings Banks Association of the State of New York announces. This study, "New York City, Westchester and Nassau Counties in Relation to Real Estate Investments, 1942," is an up-to-date analysis of the City and its two important suburban counties and is designed as a practical operating manual for those engaged in mortgage and real estate fields. It is pointed out that "in its all-important movements of industry, industrial employment and population are analyzed, together with those factors which most affect real estate rentals and property values in or near the City of New York." The study is compiled and edited by Fred H. Allen, Deputy Mortgage Officer of the Bowery Savings Bank, and is sponsored by the Bank for Savings, The Bowery Savings Bank, The Group Five Mortgage Information Bureau, The Institutional Securities Corporation and The Mutual Life Insurance Co. An adjunct to the study itself is a set of three maps on which are rated the residential areas of New York City, lower Westchester County and Nassau County. The text of the survey, is supported by up-to-date charts, maps and diagrams.

The book, leather bound and containing 250 pages, and maps are being printed in limited quantities and offered for sale (without profit to the sponsors) by the Savings Banks Association of New York State to the savings banks, insurance companies, and a limited number of other institutions concerned with mortgage and real estate in the New York City area.

## Peruvian President Completes State Visit

President Manuel Prado of Peru, who has been on two-weeks official visit in this conutry at the invitation of President Roosevelt, returned to Washington yesterday (May 20) to pay a farewell call on Mr. Roosevelt. He was scheduled to leave later in the day for Miami, the first stop on his homeward air journey.

The Peruvian Chief Executive, who is the first South American President to visit this country while in office, first arrived in Washington on May 7 and was met by Mr. Roosevelt and members of the Cabinet and Congress.

In greeting President Prado at Bolling Field, Washington, Mr. Roosevelt had the following to say:

> I am particularly happy to welcome His Excellency, the President of Peru, to the United States and to Washington. This unprecedented visit of the Chief Executive of Peru, during his active incumbency in that high office, is a concrete indication of the strong bonds which today exist between Peru and the United States.
>
> President Prado's visit is, I believe, a splendid example of the friendly and cooperative relationships between the American republics, which are determined to preserve freedom and democracy in the Americas.

A state dinner was held at the White House in the evening in honor of President Prado. After an overnight stay at the White House, the Peruvian President spent the next three days visiting various points of interest in and around Washington, including the Capitol building, Annapolis, Mount Vernon and the Tomb of the Unknown Soldier. Before leaving Washington on May 11, President Prado addressed the Senate and the House pledging Peru's full cooperation with the United States until victory is won. The Peruvian President and his party on May 12 made a tour of Detroit's war plants and on May 13 visited Buffalo's war production centers. The same day Dr. Prado departed from his scheduled tour when he paid a brief informal visit to Canada. He journeyed to Boston on May 14 and arrived in New York City that night for a five-day stay where he was accorded various honors. A luncheon in his honor was given on May 18 at the Federal Reserve Bank of New York and on May 19 Dr. Prado and his entourage of 15 visited the New York Stock Exchange.

Secretary of State Hull on May 12 praised President Prado as an ideal ambassador of good-will.

## More Funds For Farmers

The Senate Appropriations Committee on May 13 approved the 1943 Agriculture Department appropriation bill calling for about $865,000,000 in cash and loans. The bill, carrying $680,383,695 in cash and $185,000,000 in loan authority, represented increases of some $32,213,000 cash and $80,000,000 in loans over amounts voted by the House in March, but the bill still was well below budget estimates for the first time in seven years.

Included in the measure is a clause permitting the Government to sell up to 125,000,000 bushels of wheat and unlimited stocks of corn for livestock feeding at prices under parity, provided that corn would not be sold at less than 85% of parity. This action modified the House ban upon the sale of farm products by the Commodity Credit Corp. at less than parity prices.

House passage of its farm funds bill was reported in these columns March 26, page 1251.

## Import-Export Guide

The "Custom House Guide," 1942 edition, in its 80th year, is now being distributed. In announcing this new edition, John F. Budd, publisher, stated:

> "The new edition appears at a time when world-shaking events, climaxed at Pearl Harbor and the Japanese advances in the Far East, while disrupting many channels of Foreign Trade, has but served to stress the vital need for accurate up-to-the-minute information."

Mr. Budd went on to say:

> "Foreign Trade, far from being dormant, has assumed a new and potent function in the economic as well as military strategy of the whole anti-Axis world. United States foreign policy in the Americas, built around the "Good Neighbor policy," is fostering tremendous Latin-American trade activity. Lend-lease aid to the United Nations, soon to be handled by American Freight Forwarders, likewise is playing a dynamic role."

Revisions of the annual "Guide," during the past year, it is stated, have been unusually heavy; Argentine and Cuban Trade Agreements have changed many rates of duty in the alphabetical index of 30,000 commodities; Customs, Shipping and Commerce Regulations, as well as the Internal Revenue Code have likewise been considerably altered due to war legislation and regulations. From the announcement we also quote:

> The annual "Custom House Guide" of over 1,500 pages (7 volumes in 1), thumb-indexed, completely covers the description and limits of each port in the United States as well as its activities, facilities, port charges, and directory of those engaged in shipping and allied commerce trades. There is a general information section devoted to weights, measures, coin values, trade terms, air services, government departments, and other valuable data on foreign and domestic commerce.
>
> The annual "Guide" is supplemented monthly by the "American Import & Export Bulletin," a publication of some 48 pages, which, in addition to keeping the Annual revised to date, assures subscribers a complete "Import - Export Information Service" covering the latest laws, regulations, decisions, rulings, export and import control requirements, reciprocal trade agreements, etc., affecting foreign trade.

The "Custom House Guide" is published by Custom House Guide, Box 7, Station P., Custom House, New York City, and sells for $15 plus postage.

## Curtails Convention

The 1942 convention of the American Legion will be held Sept. 19-21 at national headquarters at Indianapolis and will be confined to business sessions. The organization's convention committee decided that because of war conditions the annual big parade, drum corps contests and other spectacular events would be eliminated this year and that attendance be limited to about 400 delegates and officials. Previous plans to convene in New Orleans were canceled, it is stated, on the advice of the Office of Defense Transportation.

## Puerto Rico Oil Tax Bill

The Puerto Rican Legislature's recently passed bill making the tax on re-exported petroleum products retroactive 12 years was signed by Governor Rexford G. Tugwell on May 13. According to a special cable to the New York "Times" from San Juan, the new law will end losses to the insular treasury from the making of refunds to oil companies on products re-exported from Puerto Rico for consumption elsewhere.

# Fertilizer Ass'n Price Index Again Higher

The general level of wholesale commodity prices continued to move upward despite ceiling prices which have been placed on most commodities, however, the fractional rise which occurred last week in the commodity price index compiled by The National Fertilizer Association was chiefly the result of higher prices for farm products, on which there are no ceilings. In the week ended May 16, 1942, this index rose to 128.1 from 128.0 in the preceding week. A month ago the index was 126.8, and a year ago, 106.7, based on the 1935-1939 average as 100.

A fractional advance in the all-commodity index during the week took it to a new high point. The prices of cotton and most grains were lower, but the effect of such declines on the farm product group average was more than offset by substantial gains in livestock quotations. The net result was a rise in the farm product price index. This group index, however, is still below the level reached during the second week in April. An increase in the price of linseed oil resulted in a small advance in the building material index. The food price average remained unchanged, with four items included in the group advancing and six declining. The only other group index to register a change was the miscellaneous commodity index, which declined fractionally due to a drop in the price of bran.

During the week price changes were nearly evenly balanced, with 16 price series included in the index advancing and 15 declining; in the preceding week there were 21 advances and four declines; in the second preceding week there were 11 advances and 24 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

[*1935-1939 = 100]

| % Each Group Bears to the Total Index | Group | Latest Week May 16 1942 | Preceding Week May 9 1942 | Month Ago Apr. 11 1942 | Year Ago May 17 1941 |
|---|---|---|---|---|---|
| 25.3 | Foods | 125.3 | 125.3 | 125.6 | 102.6 |
| | Fats and Oils | 139.1 | 138.7 | 137.3 | 111.1 |
| | Cottonseed Oil | 163.0 | 159.3 | 159.0 | 122.0 |
| 23.0 | Farm Products | 138.1 | 137.7 | 138.7 | 102.8 |
| | Cotton | 191.4 | 192.1 | 194.5 | 119.6 |
| | Grains | 117.2 | 118.3 | 115.3 | 96.1 |
| | Livestock | 133.0 | 132.0 | 133.8 | 100.4 |
| 17.3 | Fuels | 119.5 | 119.5 | 117.4 | 104.5 |
| 10.8 | Miscellaneous commodities | 128.1 | 128.1 | 128.0 | 115.0 |
| 8.2 | Textiles | 149.5 | 149.5 | 149.7 | 126.0 |
| 7.1 | Metals | 104.4 | 104.4 | 104.4 | 103.4 |
| 6.1 | Building materials | 151.8 | 151.7 | 140.0 | 116.6 |
| 1.3 | Chemicals and drugs | 120.7 | 120.7 | 120.3 | 104.5 |
| .3 | Fertilizer materials | 118.7 | 118.8 | 118.7 | 107.1 |
| .3 | Fertilizers | 115.3 | 115.3 | 115.3 | 101.1 |
| .3 | Farm machinery | 104.1 | 104.1 | 104.1 | 99.3 |
| 100.0 | All groups combined | 128.1 | 128.0 | 126.8 | 106.7 |

*Indexes on 1926-1928 base were: May 16, 1942, 99.8; May 9, 1942, 99.7; May 17, 1941, 83.1.

# Non-Ferrous Metals—April Copper Output At Higher Rate—Tin Smelting Progressing

"Metal and Mineral Markets" in its issue of May 14 reported that output of crude copper increased from 92,106 tons in March to 94,314 tons in April. The gain was attributed to a larger intake of scrap by primary refineries. Smelting of tin in the United States is gradually expanding. The smelter in Texas has produced some metal under the trademark "Longhorn," analyzing 99.97% tin. The American Smelting & Refining Co. is producing tin at its plant in New Jersey. The publication further reported as follows:

### Copper

Production of crude copper in the United States during April increased to 94,314 tons, according to Copper Institute. This total consists of 85,763 tons of primary output, 3,716 tons of primary custom metal, and 4,835 tons of secondary. Deliveries of refined copper for April totaled 106,701 tons, of which 20,281 tons was copper released by Metals Reserve. Reduced deliveries of recent months reflect stockpiling of copper under the direction of the authorities in Washington.

The United States copper statistics for March and April, in tons, are summarized as follows:

| | March | April |
|---|---|---|
| Production: | | |
| Crude | *92,106 | 94.314 |
| Refined | 89,552 | 90,672 |
| Deliveries, refined: | | |
| Domestic | 111,062 | 106,701 |
| Export | ------ | ------ |
| Stocks, refined, end of month | 79,537 | 83,789 |

*Corrected.

Sales of copper in the domestic market for the last week amounted to 22,264 tons, making the total for the month so far 59,957 tons. The sales total for April has been revised to 95,432.

Allocation of copper will be reviewed by WPB at a meeting with members of the industry on May 15. Some consumers feel that they have been deprived of copper needed on essential work.

An order issued by WPB during the last week imposed further restrictions on use of copper in non-essential applications. The price schedule on scrap copper and brass has been amended, lifting some prices and reducing others.

Production of electrolytic and standard copper in Chile during February amounted to 42,326 short tons, which compares with 47,015 tons in January, according to the American Bureau of Metal Statistics. Output during the first two months of 1942 was 89,341 tons, against 68,883 tons in the January-February period of 1941.

### Lead

Allocations for May requirements of consumers came through during the last week in volume, which was reflected in sales of 15,004 tons of the common grades of lead in the seven-day period ended on May 13. May needs of consumers have been covered to the extent of fully 70%, with June around 10%.

The price situation was unchanged. Common lead continued at 6.50c., New York, and at 6.35c., St. Louis. Chemical lead sold in the St. Louis area on the basis of 6.40c.

### Zinc

The Prime Western division of the zinc industry sold 6,332 tons of the ordinary grades during the week ended May 9. Shipments in the same week totaled 6,014 tons. The backlog at the end of the week was 88,790 tons.

The April statistics of the zinc industry revealed a slight gain in the daily rate of production. Total shipments came to 76,177 tons and stocks increased slightly to 22,559 tons.

Consumption of zinc in dip galvanizing during 1941 was 291,085 tons, which compares with 279.901 tons in 1940, 268,815 tons in 1939, and 193.805 tons in 1938, according to the American Bureau of Metal Statistics.

### Tin

Canners have been asked to substitute glass containers for tin cans wherever possible, to conserve the tin supply. The Government's conservation program also calls for simplification of glass container forms and standardization in sizes. The market situation in tin remains unchanged.

Straits quality tin for future delivery was nominally as follows:

| | May | June | July |
|---|---|---|---|
| May 7 | 52.000 | 52.000 | 52.000 |
| May 8 | 52.000 | 52.000 | 52.000 |
| May 9 | 52.000 | 52.000 | 52.000 |
| May 11 | 52.000 | 52.000 | 52.000 |
| May 12 | 52.000 | 52.000 | 52.000 |
| May 13 | 52.000 | 52.000 | 52.000 |

Chinese tin, 99%, spot, 51.125c, all week.

London Tin—No quotations.

### Quicksilver

Consumers report that they are able to obtain all of the quicksilver needed to cover their requirements under the program restricting the use of the metal on so-called non-essentials. The ceiling price of $191 per flask, Pacific Coast points, is being shaded on forward business. Spot metal in New York continued at $197.30—$199.21 per flask.

### Silver

London silver was unchanged during the last week at 23½d. The New York Official continued at 35⅛c.

DAILY PRICES OF METALS ("E. & M. J." QUOTATIONS)

| | Electrolytic Copper | | Straits Tin, | Lead | | Zinc |
|---|---|---|---|---|---|---|
| May | Domest., Refin. | Exp., Refin. | New York | New York | St. Louis | St. Louis |
| 7 | 11.775 | 11.700 | 52.000 | 6.50 | 6.35 | 8.25 |
| 8 | 11.775 | 11.700 | 52.000 | 6.50 | 6.35 | 8.25 |
| 9 | 11.775 | 11.700 | 52.000 | 6.50 | 6.35 | 8.25 |
| 11 | 11.775 | 11.700 | 52.000 | 6.50 | 6.35 | 8.25 |
| 12 | 11.775 | 11.700 | 52.000 | 6.50 | 6.35 | 8.25 |
| 13 | 11.775 | 11.700 | 52.000 | 6.50 | 6.35 | 8.25 |
| Average | 11.775 | 11.700 | 52.000 | 6.50 | 6.35 | 8.25 |

Average prices for calendar week ended May 9 are: Domestic copper f.o.b. refinery, 11.775c.; export copper, f.o.b. refinery, 11.700c.; Straits tin, 52.000c.; New York lead. 6.500c.; St. Louis lead, 6.350c.; St. Louis zinc, 8.250c.; and silver, 35.125c.

The above quotations are "M. & M. M.'s" appraisal of the major United States markets, based on sales reported by producers and agencies. They are reduced to the basis of cash, New York or St. Louis, as noted. All prices are in cents per pound.

Copper, lead and zinc quotations are based on sales for both prompt and future deliveries; tin quotations are for prompt delivery only.

In the trade, domestic copper prices are quoted on a delivered basis; that is delivered at consumers' plants. As delivery charges vary with the destination, the figures shown above are net prices at refineries on the Atlantic seaboard. Delivered prices in New England average 0.225c. per pound above the refinery basis.

Export quotations for copper are reduced to net at refineries on the Atlantic seaboard. On foreign business, owing to World War II, most sellers are restricting offerings to f.a.s. transactions, dollar basis. Quotations for the present reflect this change in method of doing business. A total of .05c. is deducted from f.a.s. basis (lighterage etc.) to arrive at the f.o.b. refinery quotation.

# Wage-Hour Laws Are Further Coordinated

The recent amendment to the Walsh-Healey Public Contracts Act providing partial overtime exemptions under certain circumstances was described on May 15 by L. Metcalfe Walling, Administrator of both the Public Contracts Act and the Fair Labor Standards Act, as another step toward bringing the two laws into accord. President Roosevelt signed this bill on May 13. Its passage by Congress was reported in these columns May 14, page 1871. Incident to Mr. Walling's announcement we quote:

> Mr. Walling explained that the amendment provides that overtime provisions of the Public Contracts Act may only be relaxed when employers and employees operate under agreements with unions certified by the National Labor Relations Board as bona fide limiting employees to 1,000 hours of work during any period of 26 consecutive weeks or providing for employment on an annual basis of not more than 2,080 hours during any period of 52 consecutive weeks. These provisions, he pointed out, already exist under the Wage-Hour Law. Now both laws will permit the employment of workers covered by such agreements for as much as 12 hours in any workday or up to 56 hours in any workweek before payment of overtime at the rate of time and one-half must be made.
>
> Except in the case of such agreements, the Walsh-Healey Act requires the payment of time and one-half for work in excess of eight hours in any one day or 40 hours in any one week, while the Wage-Hour Law requires that employees be paid time and one-half their regular rate for work in excess of 40 hours in any one workweek.
>
> The amendment, which was supported by the Administrator, follows recent administrative action he took in bringing wage, learner and handicapped worker requirements and other provisions of the two laws into closer accord. Both the Division of Public Contracts and the Wage and Hour Division are in the U. S. Department of Labor.

# Curran Warns Against Peril Of Communism

Characterizing Communism as remaining as "our enemy within the gates," Rev. Dr. Edward Lodge Curran warned on May 17 that America may emerge from the war to "find that we have won the battle of Americanism abroad and succumbed to the forces of totalitarianism at home." In his address delivered in Brooklyn at an "I Am An American Day" rally sponsored by the Graphic Arts Anchor Club, Dr. Curran, according to the Brooklyn "Eagle." declared that "two great tasks" face Americans. "The first," he said, "is the complete and victorious defense of our beloved country against the attacks of imperialistic Japan and Nazi Germany and Fascist Italy." He added:

> "We must raise and equip and train such a mighty army and navy of Americanism that no foreign enemy and no combination of foreign enemies will ever attack another inch of American soil or every destroy another American life, today or any day throughout the years to come."

Asserting that "Americanism does not merely depend on the success of American arms abroad," Dr. Curran, according to the "Eagle," listed the second task as permitting "nothing to happen to the United States while our loved ones are marching and sailing and flying and battling and bleeding and dying abroad." He is further quoted as saying:

> "We must keep this country as they knew it when they left. They must not return to find the temple of our common Americanism in ruins, to find the columns of our American freedoms broken in the dust, to find the corner stone of our American Government defaced with foreign symbols.
>
> "If we who remain at home wish to keep America American, we shall demand the instantaneous and perpetual removal of every Nazi and Fascist and Communist from every city and county and State and Federal position throughout the United States of America.
>
> "When our American heroes return home they must find their wives and children in the home; they must find it just as free and sacred and independent as when they left it; they must find it unimpaired and unmarred by any totalitarian or Caesaristic philosophy which would destroy it."

Dr. Curran, who is President of the International Truth Society, was likewise reported in the "Eagle" as saying:

> Charging that "American Communism has never repudiated the iniquitous partnership between Communistic Russia and Nazi Germany," Dr. Curran said Communists here still seek world-wire atheism and look forward to imprisoning the nation in their "totalitarian grip."
>
> In addition to fighting Communism "in Atlanta, in New York and in every city and countryside, he added, Americans should combat every effort to 'socialize the home' through 'forcible regimentation of women' and enrollment of children 'as wards of the State.' "

# Wage-Hour Policy On Labor-Managem't Work

Time spent by an employe as a voluntary member of a labor-management committee is compensable when meetings are held during his regular work hours, but not when meetings are held at other times. This policy of the Wage and Hour Division, U. S. Department of Labor, with respect to such committee functions, encouraged by the War Production Board, was announced on May 16 by L. Metcalfe Walling, Administrator of the Division.

The policy, supplementing the Division's recently announced enforcement policy with respect to other war-time problems, was outlined by Mr. Walling in the following statement:

> After careful consideration, and discussion with representatives of both industry and labor, the Wage and Hour Division, U. S. Department of Labor, has adopted the following policy in dealing with the subject of time spent by an employe in labor-management committee meetings:
>
> If participation by the employe is voluntary, time spent by him at such meetings need not be considered hours worked when the meetings take place outside regular working hours.
>
> If such meetings take place during regular working hours, time spent by an employe in attending them is considered hours worked, and is, therefore, to be paid for in accordance with the Fair Labor Standards Act.

# ODT Defers Date For Cutting Delivery Service

The Office of Defense Transportation on May 12 postponed until June 1, the effective date of its order placing restrictions on local delivery services. The order, scheduled to go into effect May 15, applies to newspapers, drug stores, dairies, laundries, and other businesses. It will have the effect of eliminating special deliveries, "call-backs," and more than one delivery daily to one person. The restrictions are designed to curtail use of gasoline and conserve tires and equipment. Joseph B. Eastman, ODT Director, said that the 15-day postponement was granted in order to give the effected industries time to put their delivery operations on a war-time basis.

Since newspaper deliveries will be cut to one edition a day under the order, it is considered likely that some cooperative method for pooling deliveries will be worked out. The order as it affects newspapers was mentioned in these columns May 7, page 1780.

# Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES†
(Based on Average Yields)

| 1942— Daily Averages | U. S. Govt. Bonds | Avge. Corporate * | Corporate by Ratings * |  |  |  | Corporate by Groups * |  |  |
|---|---|---|---|---|---|---|---|---|---|
|  |  |  | Aaa | Aa | A | Baa | R. R. | P. U. | Indus |
| May 19 | 117.86 | 106.56 | 116.02 | 113.12 | 107.62 | 92.06 | 96.54 | 110.70 | 113.50 |
| 18 | 117.88 | 106.56 | 116.02 | 113.12 | 107.62 | 92.06 | 96.54 | 110.88 | 113.50 |
| 16 | 117.88 | 106.56 | 116.02 | 113.12 | 107.44 | 92.06 | 96.54 | 110.88 | 113.70 |
| 15 | 117.89 | 106.74 | 116.02 | 113.31 | 107.62 | 92.06 | 96.54 | 110.88 | 113.70 |
| 14 | 117.80 | 106.56 | 116.02 | 113.31 | 107.44 | 92.06 | 96.54 | 110.88 | 113.50 |
| 13 | 117.89 | 106.56 | 116.02 | 113.12 | 107.44 | 92.06 | 96.54 | 110.70 | 113.70 |
| 12 | 117.72 | 106.56 | 116.22 | 113.12 | 107.44 | 92.06 | 96.69 | 110.70 | 113.70 |
| 11 | 117.74 | 106.56 | 116.02 | 113.12 | 107.44 | 92.20 | 96.69 | 110.70 | 113.70 |
| 9 | 117.76 | 106.74 | 116.22 | 113.12 | 107.62 | 92.20 | 96.69 | 110.70 | 113.70 |
| 8 | 117.79 | 106.74 | 116.22 | 113.12 | 107.62 | 92.20 | 96.69 | 110.70 | 113.70 |
| 7 | 117.83 | 106.74 | 116.22 | 113.12 | 107.44 | 92.20 | 96.54 | 110.70 | 113.70 |
| 6 | 117.98 | 106.74 | 116.22 | 113.12 | 107.62 | 92.06 | 76.54 | 110.70 | 113.70 |
| 5 | 118.01 | 106.74 | 116.02 | 113.12 | 107.62 | 92.20 | 96.69 | 110.70 | 113.70 |
| 4 | 117.86 | 106.74 | 116.22 | 113.12 | 107.44 | 92.20 | 96.69 | 110.70 | 113.70 |
| 2 | 117.98 | 106.74 | 116.22 | 113.12 | 107.44 | 92.20 | 96.69 | 110.70 | 113.70 |
| 1 | 117.90 | 106.56 | 116.22 | 113.12 | 107.44 | 92.06 | 96.69 | 110.70 | 113.70 |
| Apr. 24 | 117.80 | 106.74 | 116.22 | 113.12 | 107.62 | 92.06 | 96.69 | 110.70 | 113.70 |
| 17 | 118.08 | 106.92 | 116.41 | 113.70 | 107.62 | 92.20 | 96.85 | 110.88 | 113.89 |
| 10 | 118.06 | 106.92 | 116.41 | 113.89 | 107.62 | 92.35 | 97.16 | 110.70 | 114.08 |
| 2 | 118.10 | 106.92 | 116.22 | 113.70 | 107.62 | 92.20 | 97,00 | 110.52 | 114.08 |
| Mar. 27 | 118.20 | 106.74 | 116.22 | 113.50 | 107.62 | 91.91 | 97.00 | 110.34 | 113.50 |
| 20 | 117.80 | 106.21 | 115.63 | 113.12 | 107.09 | 91.34 | 96.85 | 109.79 | 112.93 |
| 13 | 117.33 | 106.21 | 115.43 | 112.93 | 107.27 | 91.34 | 96.85 | 109.60 | 112.75 |
| 6 | 117.32 | 106.21 | 115.63 | 112.93 | 107.27 | 91.62 | 96.85 | 109.79 | 113.31 |
| Feb. 27 | 116.34 | 106.39 | 115.63 | 113.31 | 107.62 | 91.62 | 96.85 | 110.15 | 113.31 |
| 20 | 116.32 | 106.56 | 115.82 | 113.31 | 107.80 | 91.62 | 96.85 | 110.34 | 113.50 |
| 13 | 116.27 | 106.74 | 116.41 | 113.50 | 107.80 | 91.77 | 97.16 | 110.70 | 113.50 |
| 6 | 117.02 | 106.74 | 116.41 | 113.50 | 107.80 | 91.91 | 97.16 | 110.70 | 113.70 |
| Jan. 30 | 117.08 | 106.92 | 116.22 | 113.70 | 107.80 | 92.06 | 97.31 | 110.52 | 113.70 |
| 23 | 117.51 | 106.92 | 116.22 | 114.08 | 107.62 | 91.91 | 97.31 | 110.70 | 113.70 |
| 16 | 117.60 | 106.92 | 116.41 | 113.89 | 107.62 | 91.91 | 97.31 | 110.52 | 113.70 |
| 9 | 118.00 | 106.92 | 116.61 | 114.08 | 107.62 | 91.77 | 97.16 | 110.70 | 113.89 |
| 2 | 117.61 | 106.04 | 115.82 | 113.50 | 107.09 | 90.63 | 95.92 | 110.34 | 113.31 |
| High 1942 | 118.27 | 106.92 | 116.61 | 114.08 | 107.98 | 92.50 | 97.47 | 110.88 | 114.08 |
| Low 1942 | 115.90 | 106.04 | 115.43 | 112.93 | 107.09 | 90.63 | 95.92 | 109.60 | 112.75 |
| High 1941 | 120.05 | 108.52 | 118.60 | 116.02 | 109.60 | 92.50 | 97.78 | 112.56 | 116.41 |
| Low 1941 | 115.89 | 105.52 | 116.22 | 112.00 | 106.04 | 89.23 | 95.62 | 109.42 | 111.62 |
| 1 Year ago<br>May 19, 1941 | 118.43 | 106.39 | 116.61 | 113.31 | 106.92 | 91.34 | 97.00 | 110.70 | 112.75 |
| 2 Years ago<br>May 18, 1940 | 113.56 | 100.65 | 113.50 | 110.52 | 100.65 | 82.15 | 88.67 | 106.92 | 107.80 |

MOODY'S BOND YIELD AVERAGES†
(Based on Individual Closing Prices)

| 1942— Daily Average | Avge. Corporate | Corporate by Ratings |  |  |  | Corporate by Groups |  |  |
|---|---|---|---|---|---|---|---|---|
|  |  | Aaa | Aa | A | Baa | R. R. | P. U. | Indus |
| May 19 | 3.36 | 2.85 | 3.00 | 3.30 | 4.27 | 3.97 | 3.13 | 2.98 |
| 18 | 3.36 | 2.85 | 3.00 | 3.30 | 4.27 | 3.97 | 3.12 | 2.98 |
| 16 | 3.36 | 2.85 | 3.00 | 3.31 | 4.27 | 3.97 | 3.12 | 2.97 |
| 15 | 3.35 | 2.85 | 2.99 | 3.30 | 4.27 | 3.97 | 3.12 | 2.97 |
| 14 | 3.36 | 2.85 | 2.99 | 3.31 | 4.27 | 3.97 | 3.12 | 2.98 |
| 13 | 3.36 | 2.85 | 3.00 | 3.31 | 4.27 | 3.97 | 3.13 | 2.97 |
| 12 | 3.36 | 2.84 | 3.00 | 3.31 | 4.27 | 3.96 | 3.13 | 2.97 |
| 11 | 3.36 | 2.85 | 3.00 | 3.31 | 4.26 | 3.96 | 3.13 | 2.97 |
| 9 | 3.35 | 2.84 | 3.00 | 3.30 | 4.26 | 3.96 | 3.13 | 2.97 |
| 8 | 3.35 | 2.84 | 3.00 | 3.30 | 4.26 | 3.96 | 3.13 | 2.97 |
| 7 | 3.35 | 2.84 | 3.00 | 3.31 | 4.26 | 3.97 | 3.13 | 2.97 |
| 6 | 3.35 | 2.84 | 3.00 | 3.30 | 4.27 | 3.97 | 3.13 | 2.97 |
| 5 | 3.35 | 2.85 | 3.00 | 3.30 | 4.26 | 3.96 | 3.13 | 2.97 |
| 4 | 3.35 | 2.84 | 3.00 | 3.31 | 4.26 | 3.96 | 3.13 | 2.97 |
| 2 | 3.35 | 2.84 | 3.00 | 3.31 | 4.26 | 3.96 | 3.13 | 2.97 |
| 1 | 3.36 | 2.84 | 3.00 | 3.31 | 4.27 | 3.96 | 3.13 | 2.97 |
| Apr. 24 | 3.35 | 2.84 | 3.00 | 3.30 | 4.27 | 3.96 | 3.13 | 2.97 |
| 17 | 3.34 | 2.83 | 2.97 | 3.30 | 4.26 | 3.95 | 3.12 | 2.96 |
| 10 | 3.34 | 2.83 | 2.96 | 3.30 | 4.25 | 3.93 | 3.13 | 2.95 |
| 2 | 3.34 | 2.84 | 2.97 | 3.30 | 4.26 | 3.94 | 3.14 | 2.95 |
| Mar. 27 | 3.35 | 2.84 | 2.98 | 3.30 | 4.28 | 3.94 | 3.15 | 2.98 |
| 20 | 3.38 | 2.87 | 3.00 | 3.33 | 4.32 | 3.95 | 3.18 | 3.01 |
| 13 | 3.38 | 2.88 | 3.01 | 3.32 | 4.32 | 3.95 | 3.19 | 3.02 |
| 6 | 3.38 | 2.87 | 3.01 | 3.32 | 4.30 | 3.95 | 3.18 | 2.99 |
| Feb. 27 | 3.37 | 2.87 | 2.99 | 3.30 | 4.30 | 3.95 | 3.16 | 2.99 |
| 20 | 3.36 | 2.86 | 2.99 | 3.29 | 4.30 | 3.95 | 3.15 | 2.98 |
| 13 | 3.35 | 2.83 | 2.98 | 3.29 | 4.29 | 3.93 | 3.13 | 2.98 |
| 6 | 3.35 | 2.83 | 2.98 | 3.29 | 4.28 | 3.93 | 3.13 | 2.97 |
| Jan. 30 | 3.34 | 2.84 | 2.97 | 3.29 | 4.27 | 3.92 | 3.14 | 2.97 |
| 23 | 3.34 | 2.84 | 2.95 | 3.30 | 4.28 | 3.92 | 3.13 | 2.97 |
| 16 | 3.34 | 2.83 | 2.96 | 3.30 | 4.28 | 3.92 | 3.14 | 2.97 |
| 9 | 3.34 | 2.82 | 2.95 | 3.30 | 4.29 | 3.93 | 3.13 | 2.96 |
| 2 | 3.39 | 2.86 | 2.98 | 3.33 | 4.37 | 4.01 | 3.15 | 2.99 |
| High 1942 | 3.39 | 2.88 | 3.01 | 3.33 | 4.37 | 4.01 | 3.19 | 3.02 |
| Low 1942 | 3.34 | 2.82 | 2.95 | 3.28 | 4.24 | 3.91 | 3.12 | 2.95 |
| High 1941 | 3.42 | 2.86 | 3.06 | 3.30 | 4.47 | 4.03 | 3.20 | 3.08 |
| **Low 1941** | **3.25** | **2.72** | **2.85** | **3.19** | **4.24** | **3.89** | **3.03** | **2.83** |
| 1 Year ago<br>May 19, 1941 | 3.37 | 2.82 | 2.99 | 3.34 | 4.32 | 3.94 | 3.13 | 3.02 |
| 2 Years ago<br>May 18, 1940 | 3.71 | 2.98 | 3.14 | 3.71 | 5.01 | 4.51 | 3.34 | 3.29 |

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

† The latest complete list of bonds used in computing these indexes was published in the issue of Oct. 2, 1941, page 409.

# Electric Output For Week Ended May 16, 1942 Shows 11.5% Gain Over Same Week In 1941

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended May 16, 1942, was 3,356,921,000 kwh., which compares with 3,011,345,000 kwh. in the corresponding period in 1941, a gain of 11.5%. The output for the week ended May 9, 1942, was estimated to be 3,365,208,000 kwh., an increase of 12.0% over the corresponding week in 1941.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

| Major Geographical Divisions— | Week Ended May 16, '42 | May 9, '42 | May 2, '42 | Apr. 25, '42 |
|---|---|---|---|---|
| New England | 8.7 | 7.8 | 8.0 | 7.0 |
| Middle Atlantic | 8.4 | 8.7 | 9.7 | 9.0 |
| Central Industrial | 9.3 | 10.2 | 11.1 | 9.4 |
| West Central | 8.2 | 10.1 | 8.9 | 8.4 |
| Southern States | 16.7 | *17.0 | 16.1 | 12.4 |
| Rocky Mountain | 2.5 | 3.3 | 3.3 | 4.0 |
| Pacific Coast | 19.6 | 20.1 | 19.8 | 22.0 |
| Total United States | 11.5 | *12.0 | 12.2 | 10.9 |

*Revised.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

| Week Ended— | 1942 | 1941 | % Change 1942 over 1941 | 1940 | 1932 | 1929 |
|---|---|---|---|---|---|---|
| Mar. 14 | 3,357,444 | 2,983,591 | +12.5 | 2,550,000 | 1,537,747 | 1,687,229 |
| Mar 21 | 3,357,032 | 2,983,048 | +12.5 | 2,508,321 | 1,514,553 | 1,687,229 |
| Mar. 28 | 3,345,502 | 2,975,407 | +12.4 | 2,524,066 | 1,480,208 | 1,679,589 |
| Apr. 4 | 3,348,608 | 2,959,646 | +13.1 | 2,493,690 | 1,465,076 | 1,663,291 |
| Apr. 11 | 3,320,858 | 2,905,581 | +14.3 | 2,529,908 | 1,480,738 | 1,696,543 |
| Apr. 18 | 3,307,700 | 2,897,307 | +14.2 | 2,528,868 | 1,469,810 | 1,709,331 |
| Apr. 25 | 3,273,190 | 2,950,448 | +10.9 | 2,499,060 | 1,454,505 | 1,699,822 |
| May 2 | 3,304,602 | 2,944,906 | +12.2 | 2,503,899 | 1,429,032 | 1,688,434 |
| May 9 | *3,365,208 | 3,003,921 | +12.0 | 2,515,515 | 1,436,928 | 1,698,492 |
| May 16 | 3,356,921 | 3,011,345 | +11.5 | 2,550,071 | 1,435,731 | 1,704,426 |
| May 23 | ------ | 3,040,029 | ---- | 2,588,821 | 1,425,151 | 1,705,460 |

*Revised.

# April Department Store Sales In New York Federal Reserve District 5% Above Year Ago

The Federal Reserve Bank of New York announced on May 19 that April sales of department stores in the Second (New York) Reserve District increased 5% over a year ago. The combined sales for January through April are 20% higher than in the same period last year. Stocks of merchandise on hand in department stores at the end of April were 70% above April, 1941.

The apparel stores in the New York Reserve District reported a gain of 7% in net sales in April, while their stocks on hand were 56% above April, 1941.

The following is the bank's tabulation:

DEPARTMENT STORE TRADE BY MAJOR LOCALITIES—APRIL, 1942
Second Federal Reserve District

| Department Stores— | Percentage Changes from a Year Ago —Net Sales— April | January through April | Stock on Hand End of Month |
|---|---|---|---|
| *New York City | + 4 | +18 | +77 |
| *Northern New Jersey | + 4 | +20 | +69 |
| Newark | + 4 | +20 | +68 |
| Westchester and Fairfield Counties | +15 | +27 | +55 |
| Bridgeport | +15 | +29 | +59 |
| Lower Hudson River Valley | + 1 | +16 | +37 |
| Poughkeepsie | + 8 | +20 | ---- |
| Upper Hudson River Valley | — 5 | +17 | +44 |
| Albany | — 9 | +12 | ---- |
| Central New York State | + 5 | +26 | +68 |
| Mohawk River Valley | +14 | +41 | +72 |
| Syracuse | + 1 | +21 | +67 |
| Northern New York State | —15 | + 6 | ---- |
| Southern New York States | + 2 | +25 | +52 |
| Binghamton | — 2 | +23 | ---- |
| Elmira | + 9 | +30 | ---- |
| Western New York State | +12 | +26 | +55 |
| Buffalo | +15 | +30 | +55 |
| Niagara Falls | +33 | +45 | +37 |
| Rochester | + 7 | +20 | +61 |
| All department stores | + 5 | +20 | +70 |
| *Apparel stores | + 7 | +21 | +56 |

*Subject to possible revision.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS
Second Federal Reserve District
[1923-25 average = 100]

|  | 1941 Apr. | 1942 Feb. | Mar. | Apr. |
|---|---|---|---|---|
| Sales (average daily), unadjusted | 100r | 94 | 106r | 106 |
| Sales (average daily), seasonally adjusted | 102r | 116 | 120r | 110 |
| Stocks, unadjusted | 89 | 119 | 137r | 152 |
| Stocks, seasonally adjusted | 87 | 127 | 135r | 149 |

r Revised.

# Labor Bureau's Wholesale Price Index Shows Slight Decline In May 9 Week

The Bureau of Labor Statistics, U. S. Department of Labor, announced on May 14 that sharp declines in prices for certain farm products and foods—particularly livestock and fruits and vegetables brought the general index of wholesale prices down by 0.1% in the week ended May 9. This is the first decline in the general index since early in February. Industrial markets were comparatively steady, except for advances in clothing and certain types of cotton goods. In this week, the last before the General Maximum Price Regulation became effective for commodities in wholesale markets, says the Department, the general level of prices as reflected by the Bureau's index of about 900 price series, stood at 98.6% of the 1926 average—17.5% higher than at this time last year, and 31.5% higher than in August, 1939, just before the outbreak of war in Europe. The following table shows index numbers for the principal groups of commodities for the past three weeks, for April 11, 1942, and May 10, 1941, and the percentage changes from a week ago, a month ago and a year ago:

(1926=100)

| Commodity Groups— | 5-9 1942 | 5-2 1942 | 4-25 1942 | 4-11 1942 | 5-10 1941 | Percentage changes to May 9, 1942, from 5-2 1942 | 4-11 1942 | 5-10 1941 |
|---|---|---|---|---|---|---|---|---|
| **All Commodities** | 98.6 | 98.7 | 98.6 | 98.1 | 84.0 | —0.1 | +0.5 | +17.4 |
| Farm products | 104.0 | 104.8 | 104.8 | 104.6 | 75.1 | —0.8 | —0.6 | +38.5 |
| Foods | 99.3 | 99.9 | 99.6 | 97.0 | 79.0 | —0.6 | +2.4 | +25.7 |
| Hides and leather products | 120.2 | 120.0 | 119.8 | 119.8 | 105.3 | +0.2 | +0.3 | +14.2 |
| Textile products | 97.3 | 97.2 | 97.0 | 97.1 | 81.4 | +0.1 | +0.2 | +19.5 |
| Fuel and lighting materials | 78.7 | 78.6 | 78.5 | 77.9 | 74.9 | +0.1 | +1.0 | + 5.1 |
| Metals and metal products | 103.9 | 103.9 | 103.9 | 103.9 | 97.9 | 0.0 | 0.0 | + 6.1 |
| Building materials | 110.0 | 108.7 | 108.8 | 110.5 | 100.3 | +1.2 | —0.5 | + 9.7 |
| Chemicals and allied products | 97.3 | 97.1 | 97.1 | 97.1 | 83.1 | +0.2 | +0.2 | +17.1 |
| Housefurnishing goods | 104.6 | 104.6 | 104.4 | 104.3 | 92.3 | 0.0 | +0.3 | +13.3 |
| Miscellaneous commodities | 98.9 | 89.6 | 90.0 | 89.7 | 79.0 | +0.3 | +0.2 | +13.8 |
| Raw materials | 99.5 | 100.1 | 100.4 | 99.4 | 78.4 | —0.6 | +0.1 | +26.9 |
| Semimanufactured articles | 92.6 | 92.5 | 92.6 | 92.8 | 85.8 | +0.1 | —0.2 | + 7.9 |
| Manufactured products | 99.3 | 99.1 | 98.9 | 98.5 | 86.7 | +0.2 | +0.8 | +14.5 |
| All commodities other than farm products | 97.4 | 97.3 | 97.3 | 96.7 | 85.9 | +0.1 | +0.7 | +13.4 |
| All commodities other than farm products and foods | 95.8 | 95.6 | 95.6 | 95.6 | 86.9 | +0.2 | +0.2 | +10.2 |

# Steel Production Down Slightly — Mills' Books Congested With Topmost Ratings

"Placed together from random sources, developments of the last few days show more clearly how the might of industrial America is beginning to win this devastating war," "The Iron Age" states in its issue of today (May 21), adding in part: "With real mass output of war goods an actuality in the United States, the rapid transposition on the production front is without a parallel. Remarks of appropriate authorities, summed up, indicate that tank production is at a new all-time peak; that the Michigan area is fast approaching its goal of tremendous and varied war production; that armor plate production will be expanded materially with the completion of new facilities by Carnegie-Illinois Steel Corp.; that more facilities will be financed to process vanadium and other needs, and that new processes for the high speed mass output of vital parts are being brought into play.

"The dropping of some steel expansion projects along with other war plant expansion seemed certain this week as WPB admitted that it had started material surveys with idea of decreasing plant expansion in favor of more production of guns, ships, aircraft, tanks. Just what projects will be abandoned is not known at this time as studies are not complete."

Reese H. Taylor, President of the Union Oil Co. of California, has been selected as successor to C. E. Adams, resigned head of WPB's Iron and Steel Branch.

The American Iron and Steel Institute on May 18 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 91% of the steel capacity of the industry will be 99.2% of capacity for the week beginning May 18, compared with 99.6% one week ago, 97.6% one month ago and 99.9% one year ago. This represents a decrease of 0.4 point or 0.4% from the preceding week. The operating rate for the week beginning May 18 is equivalent to 1,685,000 tons of steel ingots and castings, compared to 1,691,800 tons one week ago, 1,657.900 tons one month ago and 1,612,300 tons one year ago.

"Steel," of Cleveland, in its summary of the iron and steel markets, on May 18 stated in part: "With a preponderance of orders on steel mill books rated at A-1-a or A-1-b and nothing being accepted below A-1-j, congestion is extreme and producers are much confused as to precedence of shipments. In numerous cases almost complete reliance is being placed on directives, which are necessary in many cases to free tonnage for immediate production.

"Most Eastern sellers cannot offer reasonable assurance of delivery on anything under A-1-c, particularly in shapes and bars, and in sheets the situation is little better.

"Pig iron for essential purposes has been enhanced by refusing all requests in the B classifications and by elimination of the large number of civilian articles no longer allowed to be manufactured. In most districts all blast furnaces are producing.

"Scrap supply continues at the most satisfactory level of the past several weeks and all consuming districts are receiving enough for the high rate of steel production, though in most cases it is sufficient only for current needs. Efforts to accumulate reserves for winter have met little success, though slight progress has been made in some instances."

## Bicycle Rationing Soon

The Office of Price Administration announced on May 16 that the rationing of bicycles to adults will begin in about three weeks, with sales then being made under ceiling prices. The sale of new adult bicycles was frozen by the War Production Board on April 2 and it is estimated that there were about 50,000 on hand at that time.

The WPB recently transferred to the OPA the rationing power but retained control over production of bicycles. All dealers, distributors and manufacturers were required to report their inventories as of May 8 to the OPA inventory unit in New York.

Freezing of bicycle sales was reported in our issue of April 23, page 1635.

# Moody's Daily Commodity Index

|  |  |
|---|---|
| Tuesday, May 12 | 231.9 |
| Wednesday, May 13 | 231.6 |
| Thursday, May 14 | 232.1 |
| Friday, May 15 | 233.2 |
| Saturday, May 16 | 232.6 |
| Monday, May 18 | 232.6 |
| Tuesday, May 19 | 231.5 |
| Two weeks ago, May 5 | 231.6 |
| Month ago, April 18 | 231.5 |
| Year ago, May 19 | 196.6 |
| 1941 High—Sept. 9 | 219.9 |
| Low—Feb. 17 | 171.6 |
| 1942 High—April 9 | 234.0 |
| Low—Jan. 2 | 220.0 |

## U. S. & Dutch Ministers Now Rank As Ambassadors

The State Department at Washington announced on May 7 the elevation of the Netherlands Legation to the rank of an Embassy and the promotion of Dr. Alexander Loudon, the Minister, to the rank of Ambassador. This change, taking place on the second anniversary of the German invasion of the Netherlands, was brought about at the instance of President Roosevelt, who suggested it to Queen Wilhelmina.

In presenting his credentials to President Roosevelt on May 7, Dr. Loudon gave him a letter from the Queen expressing her approval and appreciation of the move.

The State Department revealed at the same time that Anthony J. Drexel Biddle, now serving in London as American Minister to the Netherlands, would be raised to the rank of Ambassador. The nomination of Mr. Biddle as Netherlands' Ambassador in London, was confirmed by the Senate on May 12.

Queen Wilhelmina's letter follows:

> With you I feel, Mr. President, that it is fitting to give adequate expression to the ties of especially close friendship which have come into being between our countries through their point sacrifices in our common endeavor to uphold, together with the other united nations, a proper balance between the rights and the duties of human beings and of States against those who, in order to satsify ambition and greed, are out to enslave others. I share your conviction that this purpose can be served by resolving that the diplomatic envoys we exchange should henceforth have the status of Ambassador Extraordinary and Plentipotentiary, and it gives me great pleasure to know that you agree when I hereby accredit Dr. Alexander Loudon in that capacity to the United States.
>
> I trust that he will continue to prove himself worthy of this new mark of my confidence and to merit your approbation.

In a ceremony in London on May 8, Mr. Biddle presented his credentials to the Queen, together with a letter from President Roosevelt praising the "stout-hearted courage and gallant spirit" of the Dutch armed forces.

The President's letter, as made public by the State Department, follows:

> Your Majesty:
>
> The stout-hearted courage and gallant spirit which Hollanders have shown on every front in their determined resistance to wanton aggression by Germany and by Japan have stirred the imagination of the American people.
>
> We are proud that the men of our armed forces have in recent months fought side by side with the brave soldiers, sailors and air men of the Netherlands forces in the Indies and in the Caribbean.
>
> It seems fitting, therefore, that the United States and the Netherlands should as a mark of their united efforts against their common enemies henceforth exchange diplomatic representatives with the rank of embassador. I have been very pleased to learn that yau have agreed to receive the Hon. Anthony J. D. Biddle as Ambassador Extraordinary and Plenipotentiary of the United States of America near Your Majesty's Government and I trust that you will give full faith to any action which he may take on behalf of his Government.
>
> FRANKLIN D. ROOSEVELT.

## Daily Average Crude Oil Production For Week Ended May 9, 1942, Increased 209,350 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended May 9, 1942 was 3,544,350 barrels, an increase of 209,350 barrels over the preceding week, and a gain of 69,850 barrels over the daily average for the month of May as recommended by the Office of Petroleum Coordinator. The current figure, however, was 211,750 barrels less than the daily average for the week ended May 10, 1941. Further details as reported by the Institute follow:

Reports received from refining companies owning 86.9% of the 4,684,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,406,000 barrels of crude oil daily during the week, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of the week, 100,650,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 10,658,000 barrels during the week.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

| | *a* O.P.C. Recommendations May | *a* State Allowables Beginning May 1 | —Actual Production— Week Ended May 9 1942 | Change From Previous Week | 4 Weeks Ended May 9 1942 | Week Ended May 10 1941 |
|---|---|---|---|---|---|---|
| Oklahoma | 438,500 | 438,500 | *b*398,950 | — 5,700 | 400,250 | 417,900 |
| Kansas | 259,300 | 259,300 | *b*242,950 | — 12,350 | 251,150 | 196,850 |
| Nebraska | 4,500 | ------ | *b*3,750 | — 150 | 3,900 | 4,300 |
| Panhandle Texas | | | 82,200 | + 3,700 | 84,500 | 82,500 |
| North Texas | | | 144,900 | — 16,900 | 142,400 | 129,350 |
| West Texas | | | 186,200 | + 46,050 | 176,600 | 248,950 |
| East Central Texas | | | 79,250 | + 5,350 | 78,000 | 78,000 |
| East Texas | | | 225,900 | + 79,500 | 206,000 | 373,800 |
| Southwest Texas | | | 127,450 | + 12,950 | 138,750 | 209,150 |
| Coastal Texas | | | 229,950 | + 48,700 | 217,400 | 275,700 |
| Total Texas | 960,000 | *c*1,155,000 | 1,075,850 | +179,350 | 1,043,650 | 1,397,450 |
| North Louisiana | | | 81,750 | — 100 | 79,450 | 71,600 |
| Coastal Louisiana | | | 229,300 | — 3,200 | 237,550 | 237,400 |
| Total Louisiana | 298,600 | 321,100 | 311,050 | — 3,300 | 317,000 | 309,000 |
| Arkansas | 74,000 | 72,191 | 71,100 | — 2,500 | 72,900 | 72,500 |
| Mississippi | 48,100 | | *b*89,900 | — 1,350 | 93,050 | 31,250 |
| Illinois | 329,200 | | 314,700 | + 19,550 | 300,900 | 325,050 |
| Indiana | 17,900 | | *b*23,550 | + 2,700 | 21,100 | 20,650 |
| Eastern (not incl. Ill. & Ind.) | 105,400 | | 96,900 | — 6,300 | 99,250 | 90,600 |
| Michigan | 60,500 | | 64,100 | + 900 | 61,850 | 37,800 |
| Wyoming | 98,300 | | 94,500 | + 3,750 | 93,150 | 83,100 |
| Montana | 25,200 | | 21,700 | + 100 | 21,600 | 19,100 |
| Colorado | 7,900 | | 6,800 | + 1,550 | 5,550 | 3,650 |
| New Mexico | 73,300 | 73,300 | 70,750 | — 2,900 | 75,750 | 108,800 |
| Total East of Calif. | 2,800,700 | | 2,886,550 | +173,350 | 2,861,050 | 3,118,000 |
| California | 673,800 | *d*673,800 | 657,800 | + 36,000 | 640,350 | 638,100 |
| Total United States | 3,474,500 | | 3,544,350 | +209,350 | 3,501,400 | 3,756,100 |

*a* O. P. C. recommendations and State allowables represent the production of all petroleum liquids, including crude oil, condensate and natural gas derivatives recovered from oil, condensate and gas fields. Past records of production indicate, however, that certain wells may be incapable of producing the allowables granted, or may be limited by pipeline proration. Actual State production would, under such conditions, prove to be less than the allowables. The Bureau of Mines reported the daily average production of natural gasoline in February, 1942, as follows: Oklahoma, 29,800; Kansas, 6,000; Texas, 112,700; Louisiana, 20,800; Arkansas, 2,300; New Mexico, 5,600; California, 42,600; other States, 21,900.

*b* Okla., Kans., Neb., Miss., Ind. figures are for week ended 7 a. m. May 6.

*c* This is the estimated net basic 10-day allowable as of May 1, but experience indicates that it will increase as new wells are completed and if any upward revisions are made. Some fields whose oil was considered necessary for the war effort were exempted from any shutdown. For the same reason several other fields were ordered shut down on May 3, 9 and 10 only. The remainder of the State was ordered shut down on May 2, 3, 4, 8, 9, and 10.

*d* Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED MAY 9, 1942

(Figures in Thousands of Barrels of 42 Gallons Each)

| District— | Daily Refining Capacity Potential Rate | Daily Refining Capacity % Reporting | Crude Runs to Stills Daily Average | Crude Runs to Stills % Operated | Gasoline Production at Refineries Includ. Natural Blended | Stocks Finished and Unfinished Gasoline | *e*Stocks of Gas Oil and Distillate Fuels | *e*Stocks of Residual Fuel Oil |
|---|---|---|---|---|---|---|---|---|
| | | | Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis | | | | | |
| •Combin'd: East Coast, Texas Gulf, Louisiana Gulf, North Louisiana - Arkansas and Inland Texas | 2,383 | 89.7 | 1,506 | 63.2 | 4,710 | 45,600 | 13,943 | 16,040 |
| Appalachian | 174 | 84.5 | 156 | 89.7 | 471 | 4,089 | 428 | 651 |
| Ind., Ill., Ky. | 784 | 84.9 | 709 | 90.4 | 2,375 | 21,265 | 2,755 | 3,552 |
| Okla., Kansas, Mo. | 418 | 81.1 | 365 | 87.3 | 1,223 | 9,779 | 879 | 1,598 |
| Focky Mountain | 138 | 50.7 | 80 | 58.0 | 278 | 2,478 | 310 | 510 |
| California | 787 | 90.9 | 590 | 75.0 | 1,601 | 17,439 | 11,632 | 57,804 |
| Tot. U. S. B. of M. basis May 9, 1942 | 4,684 | 86.9 | 3,406 | 72.7 | 10,658 | *a*100,650 | 29,947 | 80,155 |
| Tot. U. S. B. of M. basis May 2, 1942 | 4,684 | 86.9 | 3,441 | 73.5 | 10,371 | 101,376 | 29,638 | 79,939 |
| U. S. Bur. of Mines basis May 10, 1941 | | | 3,876 | | 12,780 | 95,150 | 33,284 | 92,156 |

*a* Finished, 93,072,000 barrels; unfinished, 7,578,000 barrels. *e* At refineries, at bulk terminals, in transit, and in pipe lines.

•At the request of the Office of the Petroleum Coordinator.

## Condition Of All Active Banks On Dec. 31, 1941

In a compilation issued May 9, Comptroller of the Currency Preston Delano lists the assets and liabilities of all active banks in the United States and possessions on Dec 31, 1941, and comparisons of such figures with the assets and liabilities of all active banks on June 30, 1941, and Dec. 31, 1940.

Assets of the 14,885 active banks on Dec. 31, 1941, the Comptroller reports, amounted to $91,453,694,000, as against $87,828,719,000 on June 30, 1941, for 14,919 banks, and $85,571,902,000 on Dec. 31, 1940, for 14,956 banks. Of the total resources for Dec. 31, 1941, the 5,123 National banks held $43,538,234,000, while 9,162 State (commercial) banks had $35,915,286,000; 548 mutual savings banks had $11,808,086,000 and 52 private banks had $192,088,000.

Total deposits of the 14,885 active banks on the latest date amounted to $82,233,260,000, in comparison with $78,549,329,000 and $76,407,885,000 on the two earlier dates. The National banks had deposits of $39,554,772,000, State banks, $31,983,509,000, mutual savings banks, $10,533,061,000 and private banks $161,918,000.

The principal assets of all banks on the latest date were: Loans on real estate, $9,718,024,000; other loans, including overdrafts, $17,120,341,000; United States Government obligations, direct and guaranteed, $25,553,809,000; obligations of States and political subdivisions, $4,196,861,000; other bonds, notes, and debentures, $4,165,153,000, and balances with other banks, including reserve balances, $25,942,377,000.

Total capital accounts of the banks amounted to $8,495,137,000, consisting mainly of $2,614,082,000 common stock, $3,704,368,000 surplus and $1,248,461,000 undivided profits.

The Comptroller's tabulation follows:

(In thousands of dollars)

| | Dec. 31, '41 | June 30, '41 | Dec. 31, '40 |
|---|---|---|---|
| Number of banks | 14,885 | 14,919 | 14,956 |
| Assets— | | | |
| Loans on real estate | $9,718,024 | $9,633,305 | $9,436,945 |
| Other loans, including overdrafts | 17,120,341 | 15,910,133 | 14,530,531 |
| Total loans | $26,838,365 | $25,543,438 | $23,967,476 |
| U. S. Government securities: | | | |
| Direct obligations | 21,235,684 | 18,892,790 | 16,788,834 |
| Guaranteed obligations | 4,318,125 | 4,684,271 | 4,239,964 |
| Obligations of States and political subdivisions | 4,196,861 | 4,206,526 | 4,339,983 |
| Other bonds, notes and debentures | 4,165,153 | 4,242,115 | 4,416,238 |
| Corporate stocks, including stock of Federal Reserve banks | 673,523 | 704,030 | 743,555 |
| Total investments | $34,589,346 | $32,729,732 | $30,528,574 |
| Currency and coin | 1,545,018 | 1,408,306 | 1,407,364 |
| Balances with other banks, including reserve balances | 25,942,377 | 25,471,008 | 26,846,418 |
| Bank premises owned, furniture and fixtures | 1,209,480 | 1,222,200 | 1,223,787 |
| Real estate owned other than bank premises | 706,486 | 834,353 | 930,106 |
| Investments and other assets indirectly representing bank premises or other real estate | 133,125 | 144,408 | 144,002 |
| Customers' liability on acceptances outstanding | 84,468 | 90,360 | 104,269 |
| Interest, commissions, rent, and other income earned or accrued but not collected | 162,893 | 157,961 | 419,906 |
| Other assets | 242,136 | 226,953 | |
| Total assets | $91,453,694 | $87,828,719 | $85,571,902 |
| Liabilities— | | | |
| Deposits of individuals, partnerships and corporations: | | | |
| Demand | $37,805,431 | $35,571,528 | $33,636,143 |
| Time | 26,063,374 | 26,247,184 | 26,072,015 |
| U. S. Government and postal savings deposits | 1,947,950 | 800,326 | 805,449 |
| Deposits of States and political subdivisions | 4,303,416 | 4,140,029 | 3,939,312 |
| Deposits of banks | 11,015,110 | 10,982,431 | 10,973,203 |
| Other deposits (certified and cashiers' checks, &c.) | 1,097,979 | 807,831 | 981,763 |
| Total deposits | $82,233,260 | $78,549,329 | $76,407,885 |
| Bills payable, rediscounts and other liabilities for borrowed money | 22,593 | 22,559 | 25,060 |
| Acceptances executed by or for account of reporting banks | 100,521 | 106,594 | 120,773 |
| Interest, discount, rent and other income collected but not earned | 97,811 | 101,181 | 608,626 |
| Interest, taxes and other expenses accrued and unpaid | 124,227 | 114,899 | |
| Other liabilities | 380,145 | 409,638 | |
| Total liabilities | $82,958,557 | $79,304,200 | $77,162,344 |
| Capital Accounts— | | | |
| Capital notes and debentures | $108,146 | $114,650 | $123,134 |
| Preferred stock | 312,133 | 331,873 | 347,613 |
| Common stock | 2,614,082 | 2,608,482 | 2,599,772 |
| Surplus | 3,704,368 | 3,616,763 | 3,561,155 |
| Undivided profits | 1,248,461 | 1,247,041 | 1,186,924 |
| Reserves for retirement account for preferred stock and capital notes and debentures | 507,947 | 605,710 | 590,960 |
| Total capital accounts | $8,495,137 | $8,524,519 | $8,409,558 |
| Total liabilities and capital accounts | $91,453,694 | $87,828,719 | $85,571,902 |

The figures for June 30, 1941, appeared in our issue of Oct. 30, 1941, page 822.

## April Engineering Construction Up 88% From Last Year—Public Construction Higher

Engineered construction for April totaled $898,696,000 and averaged $179,739,000 for each of the five weeks of the month according the "Engineering News-Record" May 13.

The month's volume, on the weekly average basis, was 88% above the corresponding period last year, but declined 1½% from the average for a month ago. The near-record volume of last month, and the all-time high of July, 1941, were the only totals that have exceeded the April, 1942 weekly average.

Almost 93% of the April total was publicly financed, the second highest public total in construction history. The public construction weekly average climbed 157% over last year, and rose 1% over last month. Federal work, which made up 85% of the April total, gained 292% as compared with the April, 1941 average, but decreased 0.2% from March, 1942.

Private volume averaged $12,746,000 per week during April, a level 58% below a year ago, and 24% under a month ago.

The April volume brought engineered construction to $2,891,784,000, the highest opening four-month volume in history, and 48% above the previous peak reached in 1941.

### New Capital

New capital for construction purposes for April totaled $1,039,367,000, a drop of 51½% from the financing total for the corresponding month last year. Of the total, $983,000,000 was in Federal appropriations for military construction, $40,253,000 was private investment, and $16,114,000 was in RFC loans for construction.

The April new financing volume brought the total for the four months of 1942 to $2,458,821,000. This compares with $3,047,784,000 for the four-month period in 1941.

Construction volumes for the three months are:

| | April, 1941 (4 weeks) | March, 1942 (4 weeks) | April, 1942 (5 weeks) |
|---|---|---|---|
| Total construction | $381,563,000 | $729,485,000 | $898,696,000 |
| Private construction | 121,863,000 | 67,299,000 | 63,732,000 |
| Public construction | 259,700,000 | 662,186,000 | 834,964,000 |
| State and municipal | 102,608,000 | 45,788,000 | 66,036,000 |
| Federal | 157,092,000 | 616,398,000 | 768,928,000 |

# April Retail Prices Show Further Gains According To Fairchild Publications Index

Retail prices continued to advance in April, according to the Fairchild Publications retail price index. The index in April was at 113.4 (Jan. 3, 1931=100), a gain of 0.8% over March, and of 18.7% over April a year ago. The April gain of 0.8% follows an increase of 0.5% in March, 1.5% in February and 1.8% in January. The latest increase over last year is identical with the gain in March over March, 1941. The latest index shows an increase of 27.6% above the pre-war low in 1939, said Fairchild's announcement, which under date of May 15, further stated:

> Each of the major groups advanced during the month of April, with men's apparel again recording the greatest increase, 1.3%. Infants' wear and women's apparel followed, with increases of 1% each. Piece goods gained 0.7%, home furnishings 0.6%. Piece goods, however, still shows the greatest gain above the corresponding period a year ago, with women's apparel following. Infants' wear showed the smallest increase above last year. Piece goods also showed the greatest gain above the pre-war low, 34% with home furnishings following. Infants' wear and men's apparel show the smallest gains over the pre-war low.
>
> East item included in the index advanced during April. The greatest advances were recorded by women's hosiery, men's hosiery, infants' hosiery and floor coverings. Those showing the next greatest gains included women's aprons, corsets, men's underwear and men's shoes. In comparison with a year ago, however, the greatest increases still continue in cotton piece goods, sheets and pillow cases, silk fabrics, women's hosiery, women's aprons, men's hosiery, men's underwear and furniture.
>
> Under the Office of Price Administration's general price freeze order retailers cannot sell at higher than March levels. Therefore the latest gains should be erased, according to A. W. Zelomek, economist, under whose supervision the retail price index is compiled. The Fairchild Publications Retail Price Index is based mainly on staple items, and therefore it will not be materially affected by any supplementary orders. It can thus be assumed that the March level, 112.5 in the index, should show no change unless the Price Administrator finds it necessary later to adjust prices to allow for higher costs.

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX
JAN. 3, 1931=100
Copyright 1941 Fairchild News Service

| | May. 1, 1933 | May 1, 1941 | Feb. 1, 1942 | Mar. 1, 1942 | Apr. 1, 1942 | May 1, 1942 |
|---|---|---|---|---|---|---|
| Composite Index | 69.4 | 95.5 | 110.2 | 111.9 | 112.5 | 113.4 |
| Piece Goods | 65.1 | 88.8 | 107.1 | 110.8 | 111.8 | 112.6 |
| Men's Apparel | 70.7 | 89.5 | 101.1 | 102.7 | 104.2 | 105.6 |
| Women's Apparel | 71.8 | 93.9 | 109.1 | 111.2 | 112.1 | 113.2 |
| Infants' Wear | 76.4 | 97.6 | 104.9 | 106.7 | 107.5 | 108.6 |
| Home Furnishings | 70.2 | 97.7 | 112.7 | 114.3 | 115.1 | 115.8 |
| Piece Goods | | | | | | |
| Silks | 57.4 | 70.2 | 82.1 | 83.9 | 84.7 | 85.1 |
| Woolens | 69.2 | 90.3 | 104.2 | 106.6 | 107.8 | 108.5 |
| Cotton Wash Goods | 68.6 | 106.0 | 134.9 | 141.8 | 142.8 | 144.1 |
| Domestic | | | | | | |
| Sheets | 65.0 | 96.2 | 120.8 | 124.9 | 126.7 | 127.7 |
| Blankets & Comfortables | 72.9 | 117.2 | 128.8 | 132.0 | 134.3 | 135.2 |
| Women's Apparel | | | | | | |
| Hosiery | 59.2 | 73.2 | 89.8 | 91.5 | 92.7 | 94.8 |
| Aprons & House Dresses | 75.5 | 106.8 | 134.2 | 138.4 | 139.5 | 141.0 |
| Corsets & Brassieres | 83.6 | 92.9 | 105.2 | 108.1 | 110.0 | 111.4 |
| Furs | 66.8 | *115.4 | *134.0 | *135.3 | *135.3 | *136.3 |
| Underwear | 69.2 | 87.2 | 100.6 | 102.1 | 102.4 | 103.1 |
| Shoes | 76.5 | 88.9 | 91.0 | 91.6 | 92.1 | 92.5 |
| Men's Apparel | | | | | | |
| Hosiery | 64.9 | 87.4 | 102.4 | 104.9 | 106.0 | 108.6 |
| Underwear | 69.6 | 92.0 | 110.4 | 111.7 | 114.4 | 115.6 |
| Shirts & Neckwear | 74,3 | 86.3 | 96.1 | 97.9 | 98.8 | 99.6 |
| Hats & Caps | 69.7 | 83.9 | 90.8 | 91.8 | 92.7 | 94.9 |
| Clothing incl. Overalls | 70.1 | 92.5 | 102.2 | 103.4 | 104.7 | 105.3 |
| Shoes | 76.3 | 94.7 | 104.5 | 106.6 | 108.3 | 109.8 |
| Infants' Wear | | | | | | |
| Socks | 74.0 | 103.6 | 108.8 | 112.0 | 113.4 | 115.6 |
| Underwear | 74.3 | 95.2 | 102.1 | 102.8 | 103.2 | 103.8 |
| Shoes | 80.9 | 93.9 | 103.8 | 105.2 | 105.8 | 106.4 |
| Furniture | 69.4 | 107.7 | 128.6 | 129.8 | 129.1 | 129.3 |
| Floor Coverings | 79.9 | 130.6 | 143.9 | 144.8 | 145.2 | 147.0 |
| Radios | 50.6 | *53.6 | *66.3 | *66.6 | *66.7 | *66.8 |
| Luggage | 60.1 | *76.6 | *92.6 | *93.3 | *94.7 | *95.2 |
| Electrical Household Appliances | 72.5 | *80.6 | *92.3 | *92.7 | *93.5 | *93.6 |
| China | 81.5 | 97.9 | 108.5 | 109.6 | 110.4 | 110.9 |

Note—Composite Index is a weighted aggregate. Major group indexes are arithmetic averages of subgroups.

*The Federal tax of 10% at retail is excluded in the computation of the fur index. The excise taxes on luggage, radios, and electrical appliances are levied on the manufacturers.

# Automobile Financing Up 99% In Month Diversified Financing Down Slightly

An increase of 99% from February, 1942, to March, 1942, in the number of new passenger cars financed by sales finance companies was announced May 9 by J. C. Capt, Director of the Census. The dollar volume of paper acquired in the financing of new passenger cars increased 108%. These gains are in sharp contrast to the trend in February when both the number and the dollar volume of new passenger car financing were down 78% from January, 1942. For new commercial cars, the number financed and the volume of paper acquired increased 62% and 40%, respectively. Used passenger car financing increased 8% for the number of cars and 11% for the dollar volume, while used commercial car financing decreased 6% in number and 9% in dollar volume.

Retail automotive outstandings held by sales finance companies decreased 9% during March, 1942, compared to an 8% decline during the previous month.

From February to March of 1942 the volume of paper acquired by sales finance companies for the wholesale financing of new cars decreased 63%, while the wholesale financing of used cars registered only a slight loss. The outstanding balances for wholesale automotive decreased slightly during March after having increased substantially during January and February.

Increases were generally registered for March, 1942, over February, 1942, in the volume of paper acquired by sales finance companies for diversified financing (all commodities other than automotive). In retail financing the largest increase was 70% for refrigerators, followed by 47% for other household appliances, 39% for furniture, 31% for radios, pianos, and other musical instruments, 30% for residential building repair and modernization, and 24% for industrial, commercial, and farm equipment. The volume of wholesale paper acquired for diversified financing was down 36% contrasted to an increase of 54% for the previous month.

Diversified outstanding balances held by sales finance companies recorded moderate to negligible reductions during March. Retail outstanding balances for other consumers' goods were reduced 3% for the third successive month, while the balances for industrial, commercial, and farm equipment were maintained at approximately the same level as in February, 1942, after having increased moderately during each of the last two months.

The ratios of the paper acquired during March, 1942, to the outstanding balances as of March 31, 1942, are 4 for retail automotive, 6 for retail—other consumers' goods, 10 for wholesale automotive, 11 for industrial, commercial, and farm equipment, and 31 for wholesale—other than automotive.

The data on the current trends of sales financing for the month of March are based on reports from 293 sales finance companies. Neither the dollar volumes nor the indices should be used to indicate the total amount of financing by all sales finance companies in the United States. The data are published as reported without adjustment for seasonal or price fluctuations. The dollar volumes in tables 5, 6, and 7 of this release are not comparable to those published for January or February, since the reports compiled for the month of March are not in all cases from the same companies as were those compiled for the previous releases for January or February. All indices for March were obtained by calculating the percent changes from February to March, as shown by reports for February and March from companies reporting comparable data, and by linking these percentages to the indices previously derived for February, 1942.

Figures of automobile financing for the month of February, 1942, were published in the April 23, 1942, issue of the "Chronicle," page 1636.

**Sales—Finance Companies**

AUTOMOTIVE AND DIVERSIFIED FINANCING
Volume of Paper Acquired During March, 1942, and Balances Outstanding
March 31, 1942

| | Dollar volume of paper acquired during March, 1942 | | | |
|---|---|---|---|---|
| Class of Paper— | By all companies* | By all companies reporting outstanding balances† | Outstanding balances Mar. 31, 1942† | Ratio of paper acquired to outstand'g balances‡ |
| Total retail automotive | $39,515,671 | $39,012,548 | $989,532,229 | 4 |
| Total wholesale automotive | 39,923,585 | 39,846,851 | 385,499,463 | 10 |
| Total wholesale—other than automotive | 3,252,912 | 3,180,846 | 10,254,869 | 31 |
| Total retail—other consum. goods | 18,015,209 | 17,736,960 | 291,697,267 | 6 |
| Industrial, commercial and farm equipment | 1,334,264 | 1,294,964 | 12,134,260 | 11 |
| Total sales financings | $102,041,641 | $101,072,169 | $1,689,118,088 | 6 |

*Data are based on reports from all sales finance companies regardless of whether or not they could supply a breakdown and whether or not they could report their outstanding balances.

†Data are based on figures from sales finance companies able to report both their paper acquired and their outstanding balances.

‡Ratios obtained by dividing paper acquired by outstanding balances for an identical group of firms.

AUTOMOTIVE FINANCING *
Number of Cars Financed and Volume of Paper Acquired During March, 1942

| | —Number of Cars— | | —Volume— | |
|---|---|---|---|---|
| Class of Paper— | Number | % of total | Dollars | % of total |
| Total retail automotive | 93,092 | 100 | †$38,911,602 | 100 |
| New passenger cars | 5,048 | 5 | 3,959,475 | 10 |
| New trucks, buses, tractor-trailers | 1,332 | 2 | 2,540,456 | 7 |
| Used passenger cars | 81,907 | 88 | 30,480,843 | 78 |
| Used trucks, buses, tractor-trailers | 4,805 | 5 | 1,930,828 | 5 |
| Total wholesale automotive | ----- | --- | †$37,535,000 | 100 |
| New cars (pass. and commercial) | ----- | --- | 30,901,419 | 82 |
| Used cars (pass. and commercial) | ----- | --- | 6,633,581 | 18 |

*Data are based on reports from sales finance companies providing a breakdown of their retail and wholesale automotive financing.

†These amounts are less than those reported in column one of table on "Automotive and Diversified Financing," due to the inclusion in that table of data from the sales finance companies that could not provide a breakdown.

DIVERSIFIED FINANCING *
Volume of Paper Acquired During March, 1942

| Class of Paper— | Dollar Volume | % of total |
|---|---|---|
| Retail—other consumers' goods: | | |
| Furniture | $361,635 | 3 |
| Radio, television sets, pianos and other musical instruments | 548,985 | 4 |
| Refrigerators (gas and electric) | 3,053,686 | 22 |
| Other household appliances | 1,184,238 | 9 |
| Residential building repair and modernization | 3,352,413 | 24 |
| Miscellaneous retail | 716,801 | 5 |
| Total retail—other consumers' goods | †$9,217,758 | 67 |
| Total wholesale—other than automotive | 3,252,912 | 23 |
| Industrial, commercial, and farm equipment | 1,334,264 | 10 |
| Total diversified financing | $13,804,934 | 100 |

*Data are based on reports from sales finance companies providing a breakdown of their retail financing of other consumers' goods.

†These amounts are less than those reported in column one of table on "Automotive and Diversified Financing," due to the inclusion in that table of data from the sales finance companies that could not provide a breakdown.

# Coffee Imports Under Quotas

The Bureau of Customs announced on May 12 preliminary figures showing the quantities of coffee authorized for entry for consumption under the quotas for the 12 months commencing Oct. 1, 1941, provided for in the Inter-American Coffee Agreement, proclaimed by the President on April 15, 1941, as follows:

| | | Authorized for Entry for Consumption | |
|---|---|---|---|
| Country of Production— Signatory Countries: | Quota Quantity *(Pounds) | As of (Date) | (Pounds) |
| Brazil | 1,401,426,521 | May 2, 1942 | 707,842,934 |
| Colombia | 475,086,450 | May 2, 1942 | 279,900,095 |
| Costa Rica | 30,144,642 | May 9, 1942† | 28,968,172 |
| Cuba | 12,109,603 | May 2, 1942 | 2,916,695 |
| Dominican Republic | 18,098,664 | (Import quota filled) | |
| Ecuador | 22,634,408 | May 2, 1942 | 17,913,253 |
| El Salvador | 96,657,909 | May 2, 1942 | 64,917,808 |
| Guatemala | 80,715,477 | May 2, 1942 | 63,257,062 |
| Haiti | 41,436,647 | May 9, 1942† | 38,238,077 |
| Honduras | 3,287,588 | May 2, 1942 | 1,839,674 |
| Mexico | 74,966,100 | May 2, 1942 | 26,838,869 |
| Nicaragua | 32,078,385 | May 2, 1942 | 17,258,831 |
| Peru | 3,767,088 | May 9, 1942† | 3,111,658 |
| Venezuela | 38,094,430 | May 9, 1942† | 31,844,325 |
| Non-Signatory Countries: | | | |
| British Empire, except Aden and Canada | 17,674,322 | (Import quota filled) | |
| Kingdom of the Netherlands and its possessions | 19,669,574 | May 2, 1942 | 13,086,296 |
| Aden, Yemen, & Saudi Arabia | 3,872,909 | May 2, 1942 | 875,809 |
| Other countries not signatories of the Inter-American Coffee Agreement | 12,276,800 | (Import quota filled) | |

*Quotas revised effective Feb. 26, 1942. †Per telegraphic reports.

# Treasury Frowns On War Bonds, Stamps As Prizes

The Treasury Department's policy with reference to the use of War Savings Bonds or Stamps as prizes in lotteries, games of chance, and the like, and as premiums, prizes, discounts, or gifts in connection with the promotion and sale of merchandise, was announced on May 12 as follows:

> "The Department disapproves of the use of Savings Bonds or Savings Stamps as prizes or rewards, either alone or in combination with merchandise, through lotteries, punch boards, pin ball games, or other games of chance where an element of personal profit is involved either directly or indirectly. Objection is not made to such use in contests of knowledge or skill, not depending upon chance, such as quizzes, slogan contests or the like, not directly connected with retail sales of merchandise.
>
> "The Treasury also strongly disapproves of the use of either Bonds or Stamps as premiums, discounts or gifts in connection with the retail sale of merchandise, particularly as premiums for coupons or other stamps or counters in the nature of trading stamps or the like, or the use of Bonds or Stamps in any way calculated to give one merchant or dealer any advantage, real or apparent, over his competitors.
>
> "These objections are based on considerations of public policy and do not depend upon the legality or illegality of any of the devices or games mentioned under the laws of the United States or of any State, nor upon whether or not practices to which the Department objects may be considered violations of fair trade practices."

# Leon Henderson Opposes General Wage Increase

Reports that Price Administrator Leon Henderson, in testifying before the House Ways and Means Committee on May 11, urged the "freezing" of wages and some form of compulsory savings were denied on May 12 in a statement issued by him. Mr. Henderson explained that he does oppose general increases in the wage level but did not intimate the need for "freezing" of wages nor did he discuss compulsory savings before the House Committee. He further reported that he was "unalterably" opposed to a national sales tax but is in favor of the Treasury's entire tax program, including lower personal exemptions.

The Price Administrator said that the "variety of reports" which appeared after his testimony impelled him to release a statement outlining "my expressed position on several important questions."

Mr. Henderson's statement follows:

> 1. Wages:
>
> It is essential to the success of President Roosevelt's 7-point program for control of the wartime cost of living that wages be stabilized and that general wage increases be avoided. Without wage stabilization there can be no effective administration of the price level.
>
> However, as a part of real wage stabilization, the wage levels of sub-standard groups of workers in our population must be raised. Sub-standard groups cannot be condemned to a continuation of a sub-standard existence at a time when the country's welfare demands that every citizen's health and productive capacity be maintained and improved.
>
> Further, real wage stabilization requires adjustments to remove inequities, as between higher-paid groups. This is necessary to continued effective

production of war material at the highest possible rate.

Reports that I have intimated the need for wage "freezing" are untrue, but it is true that I oppose general increases in the level of wages.

Also untrue are intimations that the Office of Price Administration desires additional powers to deal with the wage question. I have repeated time and again, and take occasion to repeat once more, my firm conviction that the laws and problems related to the administration of prices are unsuitable for stabilization of wages.

2. The sales taxes:

I am unalterably opposed to a national sales tax. Such a measure would raise the prices of the necessities of life and would fall with heaviest burden on those persons whose standard of living is already below safe levels. By making higher the prices of goods, the sales tax also would greatly increase the difficulties of rationing essential products equitably, particularly for sub-standard income persons.

3. Taxes:

The Treasury's program on higher taxes to meet the mounting cost of war and to absorb the dangerous excess of purchasing power over supplies of goods is a vital part of the President's over-all attack on the cost of living. I have urged the adoption of the entire program advanced by the Treasury, including reductions in individual exemptions. In fact, I would support an even sharper cut in personal exemptions.

4. Compulsory Savings:

I did not discuss compulsory savings before the House committee. The Treasury is launching its drive to stimulate each individual to save 10% of his income voluntarily. I am supporting, and I feel every one should support this campaign to the utmost of his ability.

## More U. S. Forces In War Zone, Says FDR

President Roosevelt said on May 15, that American forces were getting into the fighting in more and more places and in greater numbers. Making this remark at his press conference, the President declined to amplify it further.

Simultaneously he issued his monthly report on lend-lease aid, revealing that in April the total assistance to friendly nations reached a new high of $677,000,000. The White House statement of explanation follows:

1. Total lend-lease aid in April to all countries amounted to $677,000,000.

2. Lend-lease aid has been rising steadily each month since the program started. In March, 1941, lend-lease aid amounted to $18,000,000. In March of 1942 it amounted to $588,000,000. Lend-lease aid in April was at an annual rate of more than $8,000,000,000, compared with an annual rate of $4,000,000,000 last December.

3. Total lend-lease aid from the inauguration of the program to May 1, 1942, amounted to $3,835,000,000.

4. Since the start of the program the proportion of fighting weapons to food, drugs, raw materials and other industrial materials has steadily increased. Today the major part of the aid supplied is in the form of finished munitions.

5. The division of the guns, planes, ships and industrial materials between our own armed forces and industries and those of our Allies is made by military, naval and industrial experts in a manner aimed at putting the supplies to their most effective use in fighting our common enemies.

## Weekly Coal And Coke Production Statistics

The Bituminous Coal Division, U. S. Department of the Interior, in its latest coal report states that production of soft coal continues to show little change from week to week. The total output for the country in the week ended May 9 is estimated at 11,365,000 net tons, indicating an increase of 105,000 tons, or 0.9%, over the preceding week. Production in the corresponding week last year amounted to 9,193,000 net tons.

The U. S. Bureau of Mines reported that production of Pennsylvania anthracite for the week ended May 9 was estimated at 1,266,000 tons, a decrease of 55,000 tons, or 4.2%, from the preceding week. When compared with the output in the corresponding week of 1941, however, there was an increase of 437,000 tons (about 53%). The calendar year to date shows a gain of 15.3% when compared with the corresponding period of 1941.

The Bureau of Mines also reported that the estimated production of byproduct coke in the United States for the week ended May 9 showed an increase of 11,000 net tons when compared with the output for the week ended May 2. Coke from beehive ovens decreased 300 tons during the same pteriod.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, IN THOUSANDS OF NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

(Data for Pennsylvania anthracite from Weekly Anthracite and Beehive Coke Report of the Bureau of Mines; data for crude petroleum computed from weekly statistics of American Petroleum Institute.)

| | Week Ended | | | January 1 to Date | | |
|---|---|---|---|---|---|---|
| | ‡May 9, 1942 | May 2, 1942 | May 10, 1941 | §May 9, 1942 | May 10, 1941 | May 8, 1937 |
| *Bituminous coal— | | | | | | |
| Total, incl. mine fuel | 11,365 | 11,260 | 9,193 | 203,519 | 152,890 | 169,763 |
| Daily average | 1,894 | 1,877 | 1,532 | 1,864 | 1,390 | 1,570 |
| †Crude petroleum— | | | | | | |
| Coal equiv. of weekly output | 5,677 | 5,342 | 6,017 | 113,587 | 108,143 | 98,010 |

*Includes for purposes of historical comparison and statistical convenience the production of lignite.

†Total barrels produced during the week converted into equivalent coal assuming 6,000,000 b.t.u. per barrel of oil and 13,100 b.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal. (Minerals Yearbook, 1939, page 702).

‡Subject to revision.

§Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

| | Week Ended | | | Calendar year to date | | |
|---|---|---|---|---|---|---|
| Penn. anthracite— | §May 9, 1942 | May 2, 1942 | May 10, 1941 | May 9, 1942 | May 10, 1941 | May 11, 1929 |
| *Total, incl. colliery fuel | 1,266,000 | 1,321,000 | 829,000 | 21,109,000 | 18,305,000 | 26,698,000 |
| †Commercial production | 1,203,000 | 1,255,000 | 788,000 | 20,054,000 | 17,390,000 | 24,776,000 |
| Beehive coke— | | | | | | |
| United States total | 145,300 | 145,600 | 112,900 | 2,750,900 | 1,831,800 | 2,286,600 |
| By-product coke— | | | | | | |
| United States total | 1,182,100 | 1,171,100 | ‡ | 21,566,100 | ‡ | ‡ |

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Comparable data not available. §Subject to revision.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

| | Week Ended | | | | | ¶April avge. |
|---|---|---|---|---|---|---|
| State— | May 2, 1942 | April 25, 1942 | May 3, 1941 | May 4, 1940 | May 1, 1937 | ¶1923 |
| Alaska | 4 | 4 | 3 | 4 | 3 | ** |
| Alabama | 391 | 387 | 49 | 277 | 26 | 412 |
| Arkansas and Oklahoma | 62 | 53 | 7 | 16 | 13 | 70 |
| Colorado | 115 | 105 | 98 | 92 | 90 | 184 |
| Georgia and North Carolina | 1 | 1 | * | * | * | ** |
| Illinois | 1,241 | 1,302 | 353 | 719 | 573 | 1,471 |
| Indiana | 430 | 437 | 277 | 274 | 209 | 514 |
| Iowa | 48 | 48 | 40 | 40 | 22 | 100 |
| Kansas and Missouri | 149 | 136 | 114 | 78 | 63 | 138 |
| Kentucky—Eastern | 976 | 977 | 242 | 780 | 832 | 620 |
| Kentucky—Western | 208 | 226 | 354 | 123 | 158 | 188 |
| Maryland | 44 | 41 | 10 | 23 | 15 | 52 |
| Michigan | 4 | 5 | 5 | 7 | 2 | 22 |
| Montana | 50 | 60 | 42 | 47 | 31 | 42 |
| New Mexico | 21 | 26 | 17 | 21 | 30 | 59 |
| North and South Dakota | 28 | 30 | 20 | 22 | 24 | **16 |
| Ohio | 732 | 761 | 320 | 435 | 396 | 766 |
| Pennsylvania bituminous | 2,742 | 2,881 | 1,197 | 1,989 | 1,855 | 3,531 |
| Tennessee | 153 | 153 | 42 | 126 | 37 | 121 |
| Texas | 5 | 5 | 7 | 16 | 16 | 20 |
| Utah | 81 | 82 | 61 | 37 | 30 | 70 |
| Virginia | 413 | 402 | 200 | 308 | 204 | 249 |
| Washington | 23 | 30 | 29 | 23 | 32 | 35 |
| *West Virginia—Southern | 2,300 | 2,326 | 956 | 1,873 | 1,697 | 1,256 |
| †West Virginia—Northern | 913 | 895 | 486 | 565 | 500 | 778 |
| Wyoming | 125 | 127 | 74 | 92 | 64 | 116 |
| ‡Other Western States | 1 | * | * | * | * | **6 |
| Total bituminous coal | 11,260 | 11,500 | 5,003 | 7,987 | 6,922 | 10,836 |
| §Pennsylvania anthracite | 1,321 | 1,289 | 1,058 | 1,058 | 1,419 | 1,974 |
| Total, all coal | 12,581 | 12,789 | 6,061 | 9,045 | 8,341 | 12,810 |

*Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. †Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. ‡Includes Arizona, California, Idaho, Nevada, and Oregon. §Data for Pennsylvania anthracite from published records of the Bureau of Mines. ¶Average weekly rate for entire month. **Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." ††Less than 1,000 tons.

## Commercial Paper Outstanding

The Federal Reserve Bank of New York announced on May 13 that reports received by the bank from commercial paper dealers show a total of $373,100,000 of open market paper outstanding on April 30. This amount compares with $384,300,000 outstanding on March 31, 1942 and with $274,600,000 on April 30, 1941.

In the following table we give a compilation of the monthly figures for two years:

| | $ | | $ |
|---|---|---|---|
| 1942— | | 1941— | |
| Apr. 30 | 373,100,000 | Apr. 30 | 274,600,000 |
| Mar. 31 | 384,300,000 | Mar. 31 | 263,300,000 |
| Feb. 28 | 388,400,000 | Feb. 28 | 240,700,000 |
| Jan. 31 | 380,600,000 | Jan. 31 | 232,400,000 |
| 1941— | | 1940— | |
| Dec. 31 | 374,500,000 | Dec. 31 | 217,900,000 |
| Nov. 29 | 387,100,000 | Nov. 30 | 231,800,000 |
| Oct. 31 | 377,700,000 | Oct. 31 | 252,400,000 |
| Sept. 30 | 370,500,000 | Sept. 30 | 250,700,000 |
| Aug. 30 | 353,900,000 | Aug. 31 | 244,700,000 |
| July 31 | 329,900,000 | July 31 | 232,400,000 |
| June 30 | 299,000,000 | June 29 | 224,100,000 |
| May 31 | 295,000,000 | May 31 | 234,200,000 |

## Cottonseed Receipts Again Smaller

On May 13 the Bureau of the Census issued the following statement showing cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, on hand, and exported for the nine months ended with April, 1942 and 1941:

Cottonseed received, crushed, and on hand, and cottonseed products manufactured, shipped out, and on hand for nine months, ended April 30, 1942 and 1941.

COTTONSEED RECEIVED, CRUSHED, AND ON HAND (TONS)

| | Received at mills* Aug. 1 to Apr. 30 | | Crushed Aug. 1 to Apr. 30 | | On hand at mills Apr. 30 | |
|---|---|---|---|---|---|---|
| | 1942 | 1941 | 1942 | 1941 | 1942 | 1941 |
| United States | 3,884,609 | 4,375,024 | 3,714,546 | 4,012,583 | 300,592 | 401,283 |
| Alabama | 218,979 | 205,889 | 212,514 | 191,466 | 17,638 | 15,005 |
| Arizona | 77,752 | 80,256 | 74,962 | 80,129 | 3,007 | 135 |
| Arkansas | 472,248 | 528,753 | 437,996 | 452,455 | 59,182 | 81,853 |
| California | 158,781 | 200,937 | 154,851 | 159,155 | 10,425 | 44,851 |
| Georgia | 261,038 | 397,434 | 246,318 | 348,332 | 33,636 | 50,234 |
| Louisiana | 85,120 | 129,190 | 85,482 | 126,741 | 164 | 2,703 |
| Mississippi | 554,183 | 480,598 | 519,405 | 426,073 | 38,804 | 61,039 |
| North Carolina | 212,778 | 269,773 | 209,196 | 256,566 | 13,318 | 16,817 |
| Oklahoma | 238,841 | 236,179 | 229,502 | 236,037 | 9,871 | 650 |
| South Carolina | 117,309 | 259,853 | 116,222 | 249,394 | 4,095 | 10,975 |
| Tennessee | 394,210 | 395,514 | 366,573 | 334,447 | 48,305 | 62,193 |
| Texas | 953,693 | 1,071,442 | 925,438 | 1,038,477 | 55,449 | 48,712 |
| All other States | 139,677 | 119,206 | 136,087 | 113,311 | 6,698 | 6,116 |

*Does not include 130,529 and 39,507 tons on hand Aug. 1 nor 54,115 and 47,441 tons reshipped for 1942 and 1941, respectively. Does include 665 tons destroyed for 1941.

COTTONSEED PRODUCTS MANUFACTURED, SHIPPED OUT, AND ON HAND

| Item— | Season | On hand August 1 | Produced Aug. 1 to Apr. 30 | Shipped out Aug. 1 to Apr. 30 | On hand Apr. 30 |
|---|---|---|---|---|---|
| Crude oil | 1941-42 | *29,708 | 1,154,258 | 1,143,252 | *105,714 |
| (thousand pounds) | 1940-41 | 37,352 | 1,290,667 | 1,256,432 | 126,142 |
| Refined oil | 1941-42 | †294,005 | ‡996,557 | ------ | †402,540 |
| (thousand pounds) | 1940-41 | 493,658 | 1,121,569 | ------ | 476,030 |
| Cake and meal | 1941-42 | 164,444 | 1,620,649 | 1,473,690 | 311,403 |
| (tons) | 1940-41 | 79,501 | 1,780,804 | 1,603,899 | 256,406 |
| Hulls | 1941-42 | 151,439 | 921,632 | 948,073 | 124,998 |
| (tons) | 1940-41 | 20,914 | 1,008,316 | 829,989 | 199,241 |
| Linters | 1941-42 | 123,154 | 1,094,459 | 1,122,305 | 95,308 |
| (running bales) | 1940-41 | 129,340 | 1,090,789 | 963,837 | 256,292 |
| Hull fiber | 1941-42 | 1,834 | 27,892 | 28,593 | 1,133 |
| (500-lb. bales) | 1940-41 | 1,215 | 31,334 | 30,341 | 2,208 |
| Grabbots, motes, &c. | 1941-42 | 6,183 | 50,683 | 29,858 | 27,008 |
| (500-lb. bales) | 1940-41 | 12,449 | 43,286 | 42,469 | 13,266 |

*Includes 13,192,000 and 78,390,000 pounds held by refining and manufacturing establishments and 7,859,000 and 7,661,000 pounds in transit to refiners and consumers, Aug. 1, 1941, and April 30, 1942, respectively.

†Includes 7,268,000 and 4,487,000 pounds held by refiners, brokers, agents, and warehousemen at places other than refineries and manufacturing establishments and 3,903,000 and 1,932,000 pounds in transit to manufacturers of shortening, oleomargarine, soap, etc., Aug. 1, 1941, and April 30, 1942, respectively.

‡Produced from 1,065,962,000 pounds of crude oil.

### Exports and Imports of Cottonseed Products

In the interest of national defense, the Department of Commerce has decided to discontinue until further notice the publication of statistics concerning imports and exports.

## Dept. of Labor Reports Retail Food Costs Advanced 0.8% Between Mid-March & Mid-April

The family food bill rose 0.8% between mid-March and mid-April as retail prices of many foods continued to advance, Acting Commissioner Hinrichs of the Bureau of Labor Statistics reported on May 14. Advances were larger than those usual at this season for fresh pork, fresh fruit and onions, and substantial increases were also reported for beef, potatoes, and coffee. Fresh milk and certain vegetables such as green beans and carrots were seasonally lower, and exceptionally large supplies of oranges and lettuce resulted in contraseasonal price declines. By the end of April, preliminary reports indicated further advances for beef, pork, canned salmon, butter, canned tomatoes, and lard, said the Labor Bureau's announcement, which further stated in part:

> The advance in retail prices of pork during the last half of April followed a change in the Office of Price Administration regulation issued on April 15, affecting wholesale prices of pork, fixing the selling price level at prices prevailing during the period Feb. 16-20, 1942. By mid-April, after the Department fo Agriculture's request to packers to offer at least two-fifths of their production of pork cuts for sale for lend-lease purposes, hog prices on the Chicago market reached their highest level in 16 years. Beef prices moved up seasonally during the month, while unusually large marketings of lambs in March resulted in reduced prices for lamb at retail. Fresh fish prices declined for the first time in 11 months as larger supplies reached the market, while canned salmon reached new high levels. * * *
>
> Retail food costs for April 14, 1942, were 18.9% higher than in April, 1941. The principal increases, ranging from 21% to 41%, were reported for fruits and vegetables, beverages, sugar, pork, fish, eggs, fats and oils. Beef, lamb, chickens, dairy products, cereals and bakery products were 8 to 15% higher than a year ago.

Index numbers of food costs by commodity groups for the current period and for March 17, 1942, Feb. 17, 1942, April 15, 1941, and Aug. 15, 1939, are shown in the following table:

INDEX NUMBERS OF RETAIL COSTS OF FOOD BY COMMODITY GROUPS
(Five-Year Average 1935-39 = 100)

| Commodity Group— | *Apr. 14, 1942 | Mar. 17, 1942 | Feb. 17 1942 | Apr. 15, 1941 | Aug. 15, 1939 |
|---|---|---|---|---|---|
| All Foods | 119.6 | 118,6 | 116,8 | 100.6 | 93.5 |
| Cereals and bakery products | 105.1 | 104.8 | 104.3 | 95.2 | 93.4 |
| Meats | 121.5 | 120.5 | 118.5 | 103.5 | 95.7 |
| Beef and veal | 120.6 | 119.7 | 119.9 | 108.7 | 99.6 |
| Pork | 120.5 | 117,5 | 110.9 | 92.1 | 88.0 |
| Lamb | 108.0 | 108.7 | 109.2 | 99.8 | 98.8 |
| Chickens | 112.2 | 112.2 | 110.7 | 103.8 | 94.6 |
| Fish, fresh and canned | 156.8 | 158,9 | 157.7 | 120.0 | 99.6 |
| Dairy products | 122.3 | 121.7 | 121.8 | 106.3 | 93.1 |
| Eggs | 111.3 | 112.1 | 119.0 | 92.0 | 90.7 |
| Fruits and vegetables | 125.6 | †123.4 | 117.7 | 100.6 | 92.4 |
| Fresh | 126.2 | †123.7 | 117.9 | 102.5 | 92.8 |
| Canned | 122.0 | 120.8 | 114.6 | 93.1 | 91.6 |
| Dried | 130.6 | 127.9 | 125.4 | 100.0 | 90.3 |
| Beverages | 122.7 | 119.6 | 117.2 | 95.0 | 94.9 |
| Fats and oils | 119.8 | 116.8 | 114.0 | 85.1 | 84.5 |
| Sugar | 128.1 | 128.5 | 127.7 | 104.6 | 95.6 |

*Preliminary. †Revised.

## Farm Product Buying Reaches Record In April

A high record of monthly purchases of farm products, totaling $193,893,000, was reached during April by the Agricultural Marketing Administration under the general buying program for lend-lease and other needs, the U. S. Department of Agriculture reported on May 15. April purchases exceeded by $89,500,000 the previous high peak of $104,370,000 reached in March, said the Department; from its announcement we also quote:

> As in previous months, meat products and dairy and egg products led the groups of commodities bought—both in volume and dollar value. Particularly heavy purchases were made of canned and cured pork, frozen pork loins, lard, dried eggs, dry skim milk, evaporated milk, cheese, butter, and granulated sugar. Compared with March, the volume of pork and of dried eggs purchased more than doubled and lard purchases nearly tripled, indicating a particularly heavy demand for these commodities for lend-lease purposes.
>
> Commodities bought in large quantities included 106,502,000 pounds of lard at an f. o. b. cost of $14,572,000; 108,825,000 pounds of canned pork, $42,295,000; 90,788,000 pounds of cured pork, $19,278,000; 29,713,000 pounds of cheese, $6,827,000; 35,630,000 pounds of dry skim milk, $4,378,000; 4,689,000 cases of evaporated milk, $14,774,000; 56,836,000 pounds of dried eggs, $58,269,000; 21,026,000 pounds of frozen pork loins, $5,800,000; 85,451,000 pounds of dry beans, $3,809,000; 4,967,000 pounds of butter, $1,818,000; 84,676,000 pounds of granulated cane sugar, $3,762,000; 36,565,000 pounds of rice, $2,437,000, and 15,948,000 pounds of oleomargarine, $2,507,000. Among other important purchases were frozen boneless beef, canned potatoes, oat cereal, concentrated orange juice, and canned fish.
>
> Commodities purchased in April for the first time included canned corned beef, corned beef hash, barreled family beef, frozen boneless beef, condensed milk, dried figs, currants, fresh lemons, buckwheat cereal, wheat bran, cottonseed meal, chow chow, fatty acids, and soy grits.
>
> The cumulative value of all farm products bought for lend-lease shipment and other distribution needs approximated $1,471,000,000 for the 13½-month period ending April 30.

## WPB Regional Offices

In line with its general decentralization policy, the War Production Board on May 11 issued orders and regulations officially creating 13 regional offices and placing broad authority in the regional directors. Effect of this action, it is said, is to keep policy and planning work in Washington but to put operations, in so far as possible, in the field where war production lines are being turned out.

The policy of decentralization will be further developed, the regulations stated, to the end that "so far as practicable, the work of the War Production Board in Washington shall center in policy determination, program planning, the institution of major procedures and general co-ordination, while the day-to-day operations shall be conducted through the regional offices."

The regional offices are at Boston, New York, Philadelphia, Atlanta, Cleveland, Chicago, Kansas City, Dallas, Denver, San Francisco, Detroit, Minneapolis and Seattle.

Preliminary organization of the 13 offices was announced in these columns April 2, page 1340.

## Revenue Freight Car Loadings During Week Ended May 9, 1942, Totaled 839,253 Cars

Loading of revenue freight for the week ended May 9, totaled 839,253 cars, the Association of American Railroads announced on May 14. The increase above the corresponding week in 1941 was 2,104 cars, or 0.3%, and above the same week in 1940 was 158,625 cars, or 23.3%.

Loading of revenue freight for the week of May 9 decreased 19,651 cars, or 2.3% below the preceeding week.

Miscellaneous freight loading totaled 374,434 cars, a decrease of 8,777 cars below the preceding week, but an increase of 13,361 cars above the corresponding week in 1941.

Loading of merchandise less than carload lot freight totaled 98,433 cars, a decrease of 14,303 cars below the preceding week, and a decrease of 64,454 cars below the corresponding week in 1941.

Coal loading amounted to 167,809 cars, a decrease of 1,610 cars below the preceding week, but an increase of 28,753 cars above the corresponding week in 1941.

Grain and grain products loading totaled 35,145 cars, a decrease of 1,048 cars below the preceding week, but an increase of 27 cars above the corresponding week in 1941. In the Western Districts alone, grain and grain products loading for the week of May 9 totaled 21,815 cars, a decrease of 858 cars below the preceding week, and a decrease of 859 cars below the corresponding week in 1941.

Live stock loading amounted to 11,698 cars, a decrease of 2,187 cars below the preceding week, and a decrease of 495 cars below the corresponding week in 1941. In the Western Districts alone, loading of live stock for the week of May 9 totaled 9,030 cars, a decrease of 2,083 cars below the preceding week, and a decrease of 82 cars below the corresponding week in 1941.

Forest products loading totaled 50,618 cars, an increase of 211 cars above the preceding week, and an increase of 10,051 cars above the corresponding week in 1941.

Ore loading amounted to 86,800 cars, an increase of 7,803 cars above the preceding week, and an increase of 8,400 cars above the corresponding week in 1941.

Coke loading amounted to 14,316 cars, an increase of 260 cars above the preceding week, and an increase of 1,461 cars above the corresponding week in 1941.

All districts reported increases compared with the corresponding week in 1941 except the Eastern, Allegheny, Northwestern and Central Western, but all districts reported increases over 1940.

| | 1942 | 1941 | 1940 |
|---|---|---|---|
| Five weeks of January | 3,858,273 | 3,454,409 | 3,215,565 |
| Four weeks of February | 3,122,773 | 2,866,565 | 2,465,685 |
| Four weeks of March | 3,171,439 | 3,066,011 | 2,489,280 |
| Four weeks of April | 3,351,038 | 2,793,630 | 2,495,212 |
| Week of May 2 | 858,904 | 794,299 | 665,547 |
| Week of May 9 | 839,253 | 837,149 | 680,628 |
| Total | 15,201,680 | 13,812,063 | 12,011,917 |

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended May 9, 1942. During this period 66 roads showed increases when compared with the corresponding week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS)—WEEK ENDED MAY 9

| Railroads | Total Revenue Freight Loaded | | | Total Loads Received from Connections | |
|---|---|---|---|---|---|
| | 1942 | 1941 | 1940 | 1942 | 1941 |
| **Eastern District—** | | | | | |
| Ann Arbor | 434 | 506 | 562 | 1,304 | 1,398 |
| Bangor & Aroostook | 1,806 | 2,046 | 1,681 | 313 | 292 |
| Boston & Maine | 6,372 | 8,769 | 7,241 | 15,834 | 13,967 |
| Chicago, Indianapolis & Louisville | 1,307 | 1,209 | 1,326 | 1,880 | 2,170 |
| Central Indiana | 31 | 19 | 25 | 58 | 60 |
| Central Vermont | 1,003 | 1,396 | 1,418 | 2,152 | 3,079 |
| Delaware & Hudson | 6,829 | 5,940 | 4,755 | 12,455 | 10,341 |
| Delaware, Lackawanna & Western | 8,154 | 9,346 | 9,247 | 9,006 | 8,198 |
| Detroit & Mackinac | 299 | 324 | 282 | 101 | 140 |
| Detroit, Toledo & Ironton | 1,738 | 3,260 | 2,322 | 1,244 | 1,286 |
| Detroit & Toledo Shore Line | 280 | 396 | 303 | 2,948 | 2,861 |
| Erie | 14,806 | 15,103 | 11,402 | 16,641 | 14,239 |
| Grand Trunk Western | 3,771 | 6,242 | 4,517 | 7,655 | 8,350 |
| Lehigh & Hudson River | 252 | 304 | 343 | 4,174 | 2,424 |
| Lehigh & New England | 2,031 | 1,937 | 1,993 | 1,951 | 1,679 |
| Lehigh Valley | 9,398 | 8,917 | 8,269 | 12,008 | 8,991 |
| Maine Central | 2,156 | 3,064 | 2,445 | 3,641 | 3,357 |
| Monongahela | 6,963 | 6,280 | 4,608 | 323 | 326 |
| Montour | 2,443 | 2,187 | 1,968 | 35 | 37 |
| New York Central Lines | 45,752 | 51,377 | 39,938 | 56,413 | 47,341 |
| N. Y., N. H. & Hartford | 9,704 | 11,901 | 9,078 | 20,920 | 16,328 |
| New York, Ontario & Western | 1,008 | 1,031 | 1,090 | 3,431 | 2,201 |
| New York, Chicago & St. Louis | 7,561 | 6,538 | 5,231 | 14,975 | 11,707 |
| N. Y., Susquehanna & Western | 472 | 473 | 381 | 1,593 | 1,391 |
| Pittsburgh & Lake Erie | 8,001 | 8,205 | 6,169 | 9,238 | 9,143 |
| Pere Marquette | 5,443 | 7,068 | 5,959 | 6,015 | 5,977 |
| Pittsburgh & Shawmut | 874 | 513 | 779 | 38 | 52 |
| Pittsburgh, Shawmut & North | 407 | 505 | 334 | 318 | 298 |
| Pittsburgh & West Virginia | 1,162 | 1,229 | 1,012 | 3,095 | 2,177 |
| Rutland | 370 | 638 | 645 | 1,045 | 1,124 |
| Wabash | 5,146 | 6,059 | 5,103 | 12,509 | 9,983 |
| Wheeling & Lake Erie | 5,655 | 5,915 | 3,847 | 4,862 | 3,825 |
| Total | 161,628 | 178,697 | 144,273 | 228,175 | 194,742 |
| **Allegheny District—** | | | | | |
| Akron, Canton & Youngstown | 682 | 748 | 471 | 955 | 949 |
| Baltimore & Ohio | 41,619 | 41,602 | 31,579 | 27,517 | 21,719 |
| Bessemer & Lake Erie | 7,690 | 6,820 | 5,703 | 2,158 | 2,230 |
| Buffalo Creek & Gauley | 291 | 254 | 330 | 1 | 0 |
| Cambria & Indiana | 1,980 | 2,044 | 1,154 | 15 | 7 |
| Central R. R. of New Jersey | 7,414 | 8,593 | 6,693 | 20,098 | 15,010 |
| Cornwall | 765 | 728 | 616 | 72 | 50 |
| Cumberland & Pennsylvania | 299 | 133 | 214 | 8 | 32 |
| Ligonier Valley | 150 | 123 | 80 | 51 | 33 |
| Long Island | 845 | 824 | 565 | 3,509 | 2,964 |
| Penn-Reading Seashore Lines | 1,543 | 1,650 | 1,166 | 2,535 | 1,887 |
| Pennsylvania System | 84,158 | 84,257 | 61,316 | 67,826 | 53,512 |
| Reading Co. | 15,060 | 16,002 | 14,036 | 29,333 | 22,891 |
| Union (Pittsburgh) | 21,065 | 19,846 | 14,783 | 7,504 | 7,319 |
| Western Maryland | 3,962 | 4,250 | 3,476 | 13,464 | 8,881 |
| Total | 187,523 | 187,874 | 142,182 | 175,046 | 137,484 |
| **Pocahontas District—** | | | | | |
| Chesapeake & Ohio | 29,587 | 28,594 | 24,667 | 13,786 | 11,149 |
| Norfolk & Western | 23,004 | 23,633 | 20,166 | 7,080 | 5,503 |
| Virginian | 4,421 | 4,779 | 4,049 | 2,049 | 1,753 |
| Total | 57,012 | 57,006 | 48,882 | 22,915 | 13,405 |
| **Southern District—** | | | | | |
| Alabama, Tennessee & Northern | 429 | 410 | 236 | 404 | 165 |
| Atl. & W. P.—W. R. R. of Ala. | 746 | 782 | 716 | 2,462 | 1,759 |
| Atlanta, Birmingham & Coast | 703 | 803 | 674 | 1,253 | 1,132 |
| Atlantic Coast Line | 13,441 | 11,674 | 8,801 | 8,840 | 6,546 |
| Central of Georgia | 3,883 | 4,445 | 3,768 | 4,275 | 3,636 |
| Charleston & Western Carolina | 420 | 576 | 471 | 1,691 | 1,841 |
| Clinchfield | 1,703 | 1,775 | 1,379 | 3,100 | 2,698 |
| Columbus & Greenville | 304 | 231 | 288 | 183 | 292 |
| Durham & Southern | 243 | 205 | 160 | 1,244 | 490 |
| Florida East Coast | 2,042 | 1,255 | 1,822 | 988 | 1,066 |
| Gainesville Midland | 44 | 36 | 26 | 84 | 93 |
| Georgia | 1,169 | 1,108 | 1,080 | 2,573 | 1,892 |
| Georgia & Florida | 415 | 365 | 302 | 594 | 574 |
| Gulf, Mobile & Ohio | 3,913 | 3,569 | 3,271 | 3,772 | 3,015 |
| Illinois Central System | 27,182 | 22,535 | 19,762 | 15,702 | 12,997 |
| Louisville & Nashville | 26,265 | 23,087 | 22,231 | 10,893 | 7,221 |
| Macon, Dublin & Savannah | 146 | 174 | 137 | 777 | 825 |
| Mississippi Central | 281 | 167 | 147 | 402 | 350 |
| Nashville, Chattanooga & St. L. | 3,571 | 3,363 | 3,001 | 4,177 | 3,206 |
| Norfolk Southern | 1,392 | 1,204 | 1,057 | 2,270 | 1,180 |
| Piedmont Northern | 375 | 501 | 395 | 1,307 | 1,381 |
| Richmond, Fred. & Potomac | 547 | 418 | 307 | 10,866 | 6,480 |
| Seaboard Air Line | 10,961 | 10,675 | 9,198 | 8,728 | 5,584 |
| Southern System | 23,817 | 24,762 | 20,286 | 24,783 | 17,905 |
| Tennessee Central | 732 | 617 | 478 | 1,013 | 662 |
| Winston-Salem Southbound | 103 | 164 | 134 | 941 | 874 |
| Total | 124,827 | 114,901 | 100,127 | 113,322 | 83,864 |
| **Northwestern District—** | | | | | |
| Chicago & North Western | 20,980 | 22,700 | 17,627 | 12,822 | 11,449 |
| Chicago Great Western | 2,282 | 2,681 | 2,421 | 3,105 | 3,070 |
| Chicago, Milw., St. P. & Pac. | 19,182 | 21,696 | 18,021 | 9,651 | 8,562 |
| Chicago, St. Paul, Minn. & Omaha | 3,407 | 3,974 | 3,179 | 3,654 | 3,943 |
| Duluth, Missabe & Iron Range | 26,800 | 22,200 | 14,320 | 279 | 254 |
| Duluth, South Shore & Atlantic | 1,503 | 1,133 | 894 | 538 | 552 |
| Elgin, Joliet & Eastern | 10,393 | 10,100 | 6,598 | 9,974 | 8,268 |
| Ft. Dodge, Des Moines & South | 536 | 534 | 536 | 143 | 131 |
| Great Northern | 23,313 | 24,254 | 17,794 | 4,704 | 4,126 |
| Green Bay & Western | 533 | 570 | 481 | 669 | 752 |
| Lake Superior & Ishpeming | 3,081 | 4,539 | 3,054 | 41 | 75 |
| Minneapolis & St. Louis | 1,883 | 1,917 | 1,728 | 2,290 | 2,058 |
| Minn., St. Paul & S. S. M. | 6,969 | 7,541 | 5,639 | 3,215 | 2,787 |
| Northern Pacific | 10,477 | 9,830 | 9,455 | 4,752 | 4,269 |
| Spokane International | 151 | 211 | 161 | 552 | 320 |
| Spokane, Portland & Seattle | 2,422 | 2,431 | 1,765 | 2,104 | 2,104 |
| Total | 133,912 | 136,311 | 103,673 | 58,493 | 52,720 |
| **Central Western District—** | | | | | |
| Atch., Top. & Santa Fe System | 21,325 | 21,048 | 18,052 | 9,629 | 7,437 |
| Alton | 2,979 | 3,196 | 2,597 | 3,907 | 2,617 |
| Bingham & Garfield | 692 | 617 | 555 | 148 | 90 |
| Chicago, Burlington & Quincy | 14,671 | 16,061 | 13,136 | 10,259 | 9,483 |
| Chicago & Illinois Midland | 2,726 | 2,292 | 1,698 | 906 | 732 |
| Chicago, Rock Island & Pacific | 10,693 | 12,801 | 10,806 | 10,513 | 9,305 |
| Chicago & Eastern Illinois | 2,377 | 2,589 | 2,329 | 2,886 | 2,742 |
| Colorado & Southern | 786 | 679 | 671 | 1,903 | 1,522 |
| Denver & Rio Grande Western | 2,810 | 2,677 | 2,235 | 4,952 | 3,573 |
| Denver & Salt Lake | 472 | 347 | 474 | 10 | 36 |
| Fort Worth & Denver City | 973 | 1,070 | 985 | 1,116 | 978 |
| Illinois Terminal | 1,771 | 2,040 | 1,497 | 1,997 | 1,635 |
| Missouri-Illinois | 1,270 | 1,139 | 825 | 430 | 497 |
| Nevada Northern | 1,953 | 2,028 | 1,865 | 131 | 103 |
| North Western Pacific | 1,093 | 815 | 746 | 471 | 456 |
| Peoria & Pekin Union | 19 | 14 | 8 | 0 | 0 |
| Southern Pacific (Pacific) | 29,358 | 27,631 | 23,664 | 8,873 | 6,472 |
| Toledo, Peoria & Western | 248 | 294 | 188 | 1,732 | 1,480 |
| Union Pacific System | 12,090 | 14,519 | 12,460 | 12,822 | 10,548 |
| Utah | 486 | 243 | 152 | 4 | 4 |
| Western Pacific | 1,753 | 1,651 | 1,439 | 3,987 | 2,340 |
| Total | 110,545 | 113,751 | 96,482 | 76,676 | 62,050 |
| **Southwestern District—** | | | | | |
| Burlington-Rock Island | 130 | 148 | 172 | 212 | 209 |
| Gulf Coast Lines | 4,890 | 2,636 | 2,726 | 3,105 | 1,532 |
| International-Great Northern | 3,073 | 1,815 | 1,652 | 3,064 | 2,466 |
| Kansas, Oklahoma & Gulf | 187 | 164 | 219 | 1,160 | 978 |
| Kansas City Southern | 5,199 | 1,974 | 1,791 | 2,515 | 2,354 |
| Louisiana & Arkansas | 3,475 | 2,053 | 2,111 | 2,112 | 1,515 |
| Litchfield & Madison | 279 | 415 | 348 | 957 | 992 |
| Midland Valley | 734 | 401 | 468 | 214 | 265 |
| Missouri & Arkansas | 184 | 200 | 191 | 372 | 334 |
| Missouri-Kansas-Texas Lines | 4,965 | 3,966 | 3,723 | 3,946 | 3,038 |
| Missouri Pacific | 15,501 | 14,188 | 12,442 | 17,420 | 10,323 |
| Quanah Acme & Pacific | 106 | 86 | 117 | 136 | 81 |
| St. Louis-San Francisco | 8,233 | 7,253 | 6,729 | 7,633 | 4,940 |
| St. Louis Southwestern | 3,040 | 2,420 | 2,202 | 5,790 | 2,785 |
| Texas & New Orleans | 9,505 | 6,882 | 6,097 | 4,628 | 3,443 |
| Texas & Pacific | 4,428 | 3,833 | 3,834 | 6,432 | 4,081 |
| Wichita Falls & Southern | *114 | 162 | 165 | *34 | 46 |
| Weatherford M. W. & N. W. | 33 | 13 | 22 | 9 | 25 |
| Total | 63,806 | 48,609 | 45,009 | 59,739 | 39,407 |

*Previous week's figure.
Note—Previous year's figures revised.

## Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

| *Period* | *Orders Received Tons* | *Production Tons* | *Unfilled Orders Remaining Tons* | *Percent of Activity* | |
|---|---|---|---|---|---|
| | | | | *Current* | *Cumulative* |
| 1942—Week Ended— | | | | | |
| Jan. 3 | 147,419 | 140,263 | 530,549 | 86 | 88 |
| Jan. 10 | 162,493 | 166,095 | 527,514 | 101 | -- |
| Jan. 17 | 167,846 | 165,360 | 525,088 | 102 | 102 |
| Jan. 24 | 161,713 | 169,735 | 514,622 | 101 | 102 |
| Jan. 31 | 181,070 | 167,040 | 528,698 | 101 | 102 |
| Feb. 7 | 162,894 | 168,424 | 522,320 | 101 | 102 |
| Feb. 14 | 156,745 | 167,424 | 510,542 | 101 | 102 |
| Feb. 21 | 157,563 | 165,240 | 496,272 | 102 | 102 |
| Feb. 28 | 163,067 | 164,601 | 493,947 | 100 | 102 |
| Mar. 7 | 177,823 | 165,081 | 505,233 | 101 | 101 |
| Mar. 14 | 140,125 | 166,130 | 476,182 | 100 | 101 |
| Mar. 21 | 157,908 | 169,444 | 465,439 | 101 | 101 |
| Mar. 28 | 144,061 | 168,394 | 442,556 | 100 | 101 |
| Apr. 4 | 161,888 | 169,249 | 436,029 | 100 | 101 |
| Apr. 11 | 145,000 | 153,269 | 428,322 | 93 | 101 |
| Apr. 18 | 129,834 | 153,442 | 404,199 | 94 | 101 |
| Apr. 25 | 139,026 | 156,201 | 388,320 | 93 | 100 |
| May 2 | 135,273 | 152,569 | 371,365 | 90 | 99 |
| May 9 | 130,510 | 143,427 | 360,221 | 86 | 99 |

*Note*—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled stock, and other items made necessary adjustments of unfilled orders.

# NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on May 15 a summary for the week ended May 9, 1942, of complete figures showing the volume of stock transactions for the odd-lot account of all odd-lot dealers and specialists who handle odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures, which are based upon reports filed with the Commission by the odd-lot dealers and specialists, are given below:

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE NEW YORK STOCK EXCHANGE

| Week Ended May 9, 1942 | Total for week |
|---|---|
| Odd-lot Sales by Dealers: (Customers' Purchases) | |
| Number of orders | 9,420 |
| Number of shares | 239,260 |
| Dollar value | $8,741,681 |
| Odd-lot Purchases by Dealers— (Customers' Sales) | |
| Number of Orders: | |
| Customers' short sales | 288 |
| Customers' other sales* | 9,081 |
| Customers' total sales | 9,369 |
| Number of Shares: | |
| Customers' short sales | 7,547 |
| Customers' other sales* | 218,851 |
| Customers' total sales | 226,398 |
| Dollar value | $6,748,101 |
| Round-lot Sales by Dealers— | |
| Number of Shares: | |
| Short sales | 720 |
| Other sales† | 66,320 |
| Total sales | 67,040 |
| Round-lot Purchases by Dealers— | |
| Number of shares | 75,540 |

*Sales marked "short exempt" are reported with "other sales." †Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

## Lumber Movement—Week Ended May 9, 1942

Lumber production during the week ended May 9, 1942, was slightly greater than the previous week, shipments were 6% less, new business 7% less, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 18% above production; new orders 13% above production. Compared with the corresponding week of 1941, production was 4% less, shipments, 8% greater, and new business 1% less. The industry stood at 131% of the average of production in the corresponding week of 1935-39 and 163% of average 1935-39 shipments in the same week.

### Year-to-Date Comparisons

Reported production for the first 18 weeks of 1942 was 4% below corresponding weeks of 1941; shipments were 6% above the shipments, and new orders 11% above the orders of the 1941 period. For the 18 weeks of 1942, new business was 28% above production, and shipments were 16% above production.

### Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 62% on May 9, 1942, compared with 40% a year ago. Unfilled orders were 28% greater than a year ago; gross stocks were 18% less.

### Softwoods and Hardwoods

Record for the current week ended May 9, 1942, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

SOFTWOODS AND HARDWOODS

| | 1942 Week | 1941 Week | 1942 Previous Wk. (rev.) |
|---|---|---|---|
| Mills | 460 | 460 | 474 |
| Production | 245,706 | 254,622 | 245,100 |
| Shipments | 289,226 | 267,354 | 306,426 |
| Orders | 276,650 | 280,104 | 297,658 |

| | Softwoods 1942 Week | | Hardwoods 1942 Week | |
|---|---|---|---|---|
| Mills | 372 | | 104 | |
| Production | 233,167— | 100% | 12,539— | 100% |
| Shipments | 275,903 | 118 | 13,323 | 106 |
| Orders | 263,620 | 113 | 13,030 | 104 |

# Trading On New York Exchanges

The Securities and Exchange Commission made public on May 15 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended May 2, 1942, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended May 2 (in round-lot transactions) totaled 559,100 shares, which amount was 15.21% of total transactions on the Exchange of 1,837,380 shares. This compares with member trading during the previous week ended April 25 of 427,570 shares, or 11.65% of total trading of 1,835,280 shares. On the New York Curb Exchange, member trading during the week ended May 2 amounted to 84,225 shares, or 14.36% of the total volume on that Exchange of 293,220 shares; during the preceding week trading for the account of Curb members of 79,220 shares was 14.59% of total trading of 271,555 shares.

The Commission made available the following data for the week ended May 2.

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

| | N. Y. Stock Exchange | N. Y. Curb Exchange |
|---|---|---|
| Total number of reports received | 1,023 | 719 |
| 1. Reports showing transactions as specialists | 175 | 83 |
| 2. Reports showing other transactions initiated on the floor | 119 | 16 |
| 3. Reports showing other transactions initiated off the floor | 169 | 46 |
| 4. Reports showing no transactions | 627 | 555 |

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

**Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)**

Week Ended May 2, 1942

| | Total for Week | *a* Per Cent |
|---|---|---|
| A. Total Round-Lot Sales: | | |
| Short sales | 101,630 | |
| Other sales *b* | 1,735,750 | |
| Total sales | 1,837,380 | |
| 3. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists: | | |
| 1. Transactions of specialists in stocks in which they are registered— | | |
| Total purchases | 157,550 | |
| Short sales | 49,830 | |
| Other sales *b* | 112,470 | |
| Total sales | 162,300 | 8.70 |
| 2. Other transactions initiated on the floor— | | |
| Total purchases | 65,270 | |
| Short sales | 15,000 | |
| Other sales *b* | 55,630 | |
| Total sales | 70,630 | 3.70 |
| 3. Other transactions initiated off the floor— | | |
| Total purchases | 49,370 | |
| Short sales | 7,600 | |
| Other sales *b* | 46,380 | |
| Total sales | 53,980 | 2.81 |
| 4. Total— | | |
| Total purchases | 272,190 | |
| Short sales | 72,430 | |
| Other sales *b* | 214,480 | |
| Total sales | 286,910 | 15.21 |

**Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)**

Week Ended May 2, 1942

| | Total for Week | *a* Per Cent |
|---|---|---|
| A. Total Round-Lot Sales: | | |
| Short sales | 5,260 | |
| Other sales *b* | 287,960 | |
| Total sales | 293,220 | |
| B. Round-Lot Transactions for the Account of Members: | | |
| 1. Transactions of specialists in stocks in which they are registered— | | |
| Total purchases | 28,310 | |
| Short sales | 3,680 | |
| Other sales *b* | 27,620 | |
| Total sales | 31,300 | 10.16 |
| 2. Other transactions initiated on the floor— | | |
| Total purchases | 3,465 | |
| Short sales | 100 | |
| Other sales *b* | 3,750 | |
| Total sales | 3,850 | 1.25 |
| 3. Other transactions initiated off the floor— | | |
| Total purchases | 8,045 | |
| Short sales | 235 | |
| Other sales *b* | 9,020 | |
| Total sales | 9,255 | 2.95 |
| 4. Total— | | |
| Total purchases | 39,820 | |
| Short sales | 4,015 | |
| Other sales *b* | 40,390 | |
| Total sales | 44,405 | 14.36 |
| C. Odd-Lot Transactions for the Account of Specialists— | | |
| Customers' short sales | 75 | |
| Customers' other sales *c* | 22,456 | |
| Total purchases | 22,531 | |
| Total sales | 12,037 | |

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

*a* Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

*b* Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

*c* Sales marked "short exempt" are included with "other sales."

# Class I Net Railway Operating Income In February Up 18% From Year Ago

The Bureau of Statistics of the Interstate Commerce Commission has issued a statement showing the aggregate totals of selected income and balance sheet items for Class I steam railways in the United States for the month of February, 1942 and 1941.

These figures are subject to revision and were compiled from 132 reports representing 136 steam railways. The present statement excludes returns for Class A switching and terminal companies. The report is as follows:

| | All Class I Railways | | | |
|---|---|---|---|---|
| | For the Month of February | | For the Two Months of | |
| Income Items— | 1942 | 1941 | 1942 | 1941 |
| Net ry. operat. income | $66,486,019 | $58,135,963 | $135,450,258 | $120,156,261 |
| Other income | 10,955,380 | 10,614,688 | 23,507,992 | 23,014,221 |
| Total income | 77,441,399 | 68,750,652 | 158,958,250 | 143,170,482 |
| Miscellaneous deductions from income | 2,373,746 | 2,231,828 | 4,861,151 | 4,664,604 |
| Income available for fixed charges | 75,067,653 | 66,518,824 | 154,097,099 | 138,505,878 |
| Fixed charges: | | | | |
| Rent for leased roads and equipment | 12,234,401 | 12,041,809 | 25,818,799 | 24,308,316 |
| *Interest deductions | 36,958,221 | 38,142,379 | 74,077,317 | 76,785,696 |
| Other deductions | 117,195 | 117,706 | 234,369 | 238,383 |
| Total fixed charges | 49,309,817 | 50,301,894 | 100,130,485 | 101,332,395 |
| Inc. after fixed charges | 25,757,836 | 16,216,930 | 53,966,614 | 37,173,483 |
| Contingent charges | 2,042,212 | 1,531,767 | 4,122,761 | 3,056,694 |
| †Net income | 23,715,624 | 14,685,163 | 49,843,853 | 34,116,789 |
| Depreciation (way and structures equipment) | 18,837,533 | 17,662,462 | 36,590,188 | 35,343,427 |
| Amortization of defense projects | 4,041,608 | -------- | 7,903,306 | -------- |
| Federal income taxes | 24,178,119 | 6,964,813 | 41,759,165 | 14,153,551 |
| Dividend appropriations: | | | | |
| On common stock | 12,738,588 | 14,985,496 | 15,098,588 | 19,848,145 |
| On preferred stock | 2,583,473 | 2,583,411 | 5,069,870 | 3,119,847 |
| ¶Ratio of income to fixed charges | 1.52 | 1.32 | 1.54 | 1.37 |

| | All Class I Railways Balance at End of February | | Class I Railways Not in Receivership or Trusteeship Balance at End of February | |
|---|---|---|---|---|
| Selected Asset Items— | 1942 | 1941 | 1942 | 1941 |
| Investments in stocks, bonds, etc., other than those of affiliated companies | $466,729,588 | $560,181,476 | $450,059,150 | $509,802,102 |
| Cash | $746,705,113 | $674,589,645 | $552,551,561 | $534,030,832 |
| Temporary cash investments | 136,101,795 | 71,888,388 | 127,910,432 | 65,579,131 |
| Special deposits | 181,794,431 | 156,274,100 | 143,456,009 | 141,962,872 |
| Loans and bills receivable | 1,220,565 | 1,532,399 | 1,047,704 | 1,232,099 |
| Traffic and car-service balances (Dr.) | 29,601,328 | 28,956,904 | 25,958,650 | 27,115,500 |
| Net balance receivable from agents and conductors | 86,655,150 | 56,620,166 | 72,586,504 | 45,912,909 |
| Miscellaneous accounts receivable | 234,485,006 | 135,287,643 | 186,753,169 | 107,618,957 |
| Materials and supplies | 499,808,867 | 356,648,514 | 403,708,194 | 285,445,201 |
| Interest and dividends receivable | 17,723,327 | 15,834,004 | 15,946,984 | 13,424,748 |
| Rents receivable | 1,132,869 | 1,162,326 | 900,951 | 1,012,339 |
| Other current assets | 24,780,496 | 5,522,191 | 23,364,215 | 4,538,886 |
| Total current assets | $1,960,008,947 | $1,504,316,280 | $1,554,184,373 | $1,227,873,474 |
| Selected Liability Items— | | | | |
| ‡Funded debt maturing within six months | $101,994,179 | $137,659,296 | $84,047,611 | $111,604,938 |
| §Loans and bills payable | 57,853,165 | 81,455,554 | 4,353,400 | 25,447,311 |
| Traffic and car-service balances (Cr.) | 62,288,307 | 47,315,220 | 45,722,212 | 34,329,955 |
| Audited accounts and wages payable | 328,296,528 | 257,196,977 | 268,439,926 | 209,333,361 |
| Miscellaneous accounts payable | 55,132,675 | 52,229,179 | 39,553,238 | 40,912,238 |
| Interest matured unpaid | 56,809,751 | 38,716,871 | 52,253,880 | 34,991,450 |
| Dividends matured unpaid | 4,879,905 | 1,541,672 | 4,527,642 | 1,189,284 |
| Unmatured interest accrued | 88,506,612 | 86,972,521 | 74,971,219 | 70,089,775 |
| Unmatured dividends declared | 17,777,638 | 16,468,346 | 17,777,638 | 16,468,346 |
| Unmatured rents accrued | 22,572,658 | 23,605,127 | 20,805,015 | 21,934,173 |
| Accrued tax liability | 371,139,068 | 212,386,556 | 336,893,026 | 183,263,504 |
| Other current liabilities | 55,112,644 | 50,656,872 | 42,096,021 | 40,705,926 |
| Total current liabilities | $1,120,368,951 | $868,544,895 | $907,393,217 | $678,665,323 |
| Analysis of accrued tax liability: | | | | |
| U. S. Government taxes | $255,153,046 | $105,496,365 | $243,805,547 | $98,981,101 |
| Other than U. S. Government taxes | 115,986,022 | 106,890,191 | 93,087,479 | 84,282,403 |

*Represents accruals, including the amount in default. †For railways not in receivership or trusteeship the net income was as follows: February, 1942, $21,115,180; February, 1941, $17,881,192; for the two months ended February, 1942, $46,119,750; two months ended February, 1941, $40,448,144. ‡Includes payments of principal of long-term debt (other than long-term debt in default) which will become due within six months after close of month of report. §Includes obligations which mature not more than two years after date of issue. ¶For railways in receivership and trusteeship the ratio was as follows: February, 1942, 1.27; February, 1941, 0.80; two months, 1942, 1.21; two months, 1941, 0.80.

# Construction Down 47% In Week

Engineered construction volume for the week totals $229,877,000, an increase of 142% over the volume for the corresponding 1941 week, but 47% lower than the all-time high of a week ago as reported by "Engineering News-Record" May 14. The week's total is the fifth highest of the year, and the seventh time in 1942 that the value of engineered construction exceeded $200,000,000.

Public construction gains 256% over a year ago, but is 49% below the record of a week ago. Private work decreases 51% from the week last year, however, it is 1% higher than last week. Federal construction tops the 1941 week by 466%, but is 49% below the preceding week.

The current week's construction volume brings the 1942 total to $3,556,616,000, a 67% increase over the corresponding 20-week period in 1941. Private construction, $285,998,000, is 52% below the period last year. Public work is 113% higher as a result of the 191% gain in Federal work.

Construction volumes for the 1941 week, last week, and the current week are:

| | May 15, 1941 | May 7, 1942 | May 14, 1942 |
|---|---|---|---|
| Total construction | $94,991,000 | $434,955,000 | $229,877,000 |
| Private construction | 35,387,000 | 17,191,000 | 17,371,000 |
| Public construction | 59,604,000 | 417,764,000 | 212,506,000 |
| State and municipal | 23,838,000 | 21,644,000 | 10,380,000 |
| Federal | 35,766,000 | 396,120,000 | 202,126,000 |

## Items About Banks, Trust Companies

With the election of Willard K. Denton as President, two of New York's oldest savings banks, the Manhattan Savings Institution and the Metropolitan Savings Bank, it was announced on May 13, have consolidated their resources and facilities in order to increase their support of the government in the war savings program and to render greater service to the public. The name of the Manhattan Savings Institution is retained, as it is the older bank, incorporated in 1850. In announcing the consolidation, Mr. Denton, who was formerly President of the Metropolitan, said:

> "Combining of the Boards of Trustees and the official and clerical staffs provides an exceptional concentration of trained and experienced banking personnel that will enable the smooth adjustment of our service organization at any time, should additional members of our staffs be called upon to enter the U. S. Armed forces. Also, the three offices of the institution will provide greater convenience to depositors."

The bank, with offices at Broadway at Eighth Street, Broadway at Bleecker Street and at 154-156 East 86th Street, serves, it is stated, more than 85,000 depositors and has resources exceeding $60,000,000.

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The Board of Directors of the Clinton Trust Company of New York City has elected William J. Waite, Chairman of the Board, and Edward W. Smith, Executive Vice-President. Both have been associated with the bank for a number of years, Mr. Waite as Chairman of the Executive Committee and Mr. Smith as Vice-President and Treasurer. The Board also extended to the President, Lee S. Buckingham, a leave of absence in order that he might devote his time to duties in connection with his appointment as New York State Director of the OPA.

James Gamble Rogers, architect, and Boylston A. Tompkins, a Senior Vice-President of the Bankers Trust Co., New York, were elected on May 13 to the Board of Trustees of the North River Savings Bank, New York City.

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Paul N. Robins, formerly Assistant Vice-President of Manufacturers Trust Co., New York City, has rejoined the bank in the same capacity.

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The Lynbrook National Bank and Trust Co., Lynbrook, Long Island, N. Y., recently announced the retirement of the last of its preferred stock A held by the Reconstruction Finance Corporation. The number of shares of stock retired was 16,000 and it was the last of a 1935 issue of 86,000 shares with a par value of $215,000.

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James M. Brittain has been elected a Director of the Provident Trust Co., Philadelphia, filling the vacancy caused by the death of Parker S. Williams, Chairman of the Board and former President of the Provident Trust. Mr. Williams' death was noted in these columns of Feb. 26, page 872.

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The Board of Directors of the American National Bank and Trust Co., Chicago, on May 13 elected William G. F. Price a Vice-President. Mr. Price was recently connected with the Navy Department in Washington where he helped to organize the financial department of the Office of Procurement and Material. He is a former President of the New York Chapter of the American Institute of Banking and was formerly Assistant Vice-President of the National City Bank of New York.

## OPA Halts Sugar Shipments To East—Local Markets Over-Supplied With Beet Sugar

The Office of Price Administration has instructed beet sugar processors in the Middle and Far West to discontinue shipments, at least for the time being, to areas east of a line extending from Buffalo through Pittsburgh and beyond. It is explained that there is no need for further beet sugar shipments now since stocks at refineries and at warehouses have been built up to what is considered a satisfactory level.

The OPA has allowed a special price for such sugar sold to consumers under a program designed to encourage use of beet sugar instead of cane. Commenting on the situation which has developed indicating a sugar surplus in the East, Preston S. Krecker, writing in the New York "Sun" of May 15 said:

> Only a week after the Nation was placed on short sugar rations by the OPM, sugar has become a glut on the market. Official recognition that the pinch is over was seen today in notification received by beet sugar processors in the Middle and Far West from the OPA that they no longer should ship any beet sugar to Atlantic seaboard States.
>
> As a result of the notice received by the local sugar trade, the American Crystal Sugar Co., one of the large Western beet processing companies, sent out the following announcement:
>
> "We have been notified by the OPA to discontinue shipments east of the Buffalo-Pittsburgh-Bristol, Va., line but to continue offerings east of Chicago to and including that line."
>
> When a sugar shortage developed this spring the Government made arrangements for shipment of 100,000 tons of beet sugar, the supply of which is plentiful in the West, into the seaboard area. It is the shipment of that sugar that has been halted suddenly before any substantial amount had actually arrived. The beet sugar companies have been ordered to send no sugar east of a line drawn roughly southward from Buffalo through Pittsburgh and beyond.
>
> Inquiry in the sugar trade today revealed that the OPA order was issued because sugar stock piles are accumulating at refineries and in warehouses. The sugar has no place to go. Sugar brokers are idly "twiddling their thumbs," as one member of the trade expressed it, because the public is not buying sugar. Wholesalers are doing little business because the retail demand for sugar has slumped.
>
> In the meanwhile sugar is arriving daily in car load lots from Southern ports. Formerly steamship companies routed sugar from Puerto Rico and Cuba to New York, Philadelphia and Boston, but now the ships are sailing to such Southern ports as Mobile, Ala., and Fort Everglades and Tampa, Fla. Cargoes are unloaded there and brought up by rail. Deliveries have been substantial because the vessels make shorter voyages and can bring more cargoes than formerly. It is estimated by trade authorities that up to May 9 1,000,985 long tons of raw sugar alone had arrived at ports.
>
> The sugar trade believes that one early effect of the accumulation of surplus sugar will be an increase in the allotment for canning purposes. Housewives are limited now to five pounds for the season. A strong effort is being made to get an increase. Because of the abundance of sugar it is quite likely to be successful.
>
> A further effect of the turn of affairs may be an increase in the individual ration from half a pound a week to a higher figure, either three-fourths or a pound.

## N. Y. Bankers To Meet For Annual Election

Discussion of the war's effects on costs, personnel lending activities and other bank operating details will feature the 49th annual meeting of the New York State Bankers Association at the Hotel Astor, New York City, May 24, 25 and 26, it was announced on May 18 by Eugene C. Donovan, President. This will be the Association's first annual meeting in New York City in 40 years, and through elimination of the usual forms of social activity will be shorter by a half day than such meetings in the past. About 800 bankers from all parts of the State are expected to attend. After a word of welcome by Herbert P. Howell, President of the New York Clearing House Association, the first business session will get under way on Monday morning, May 24, with an address by Superintendent of Banks William R. White on "Essentials on the Banking Front." This will be followed by a talk on "The Responsibilities of Country Bankers Today," by C. W. Bailey, President, First National Bank of Clarksville, Tenn., who is National Chairman of the Food-For-Freedom program.

Among others who will address the bankers will be Loren B. Allen, Manager of the Credit Department of the Federal Reserve Bank of New York, who will speak on "Regulation W as Revised."

The Association's annual dinner will be held Monday evening, with Dr. Paul F. Cadman, Economic Advisor, American Bankers Association, the chief speaker. His subject will be "Wartime Financing and Its Effects on the American Economy."

The only social event of the meeting will be a reception and buffet supper to delegates on Sunday evening, May 24, being arranged by member banks of the New York Clearing House Association. The election of 1942-1943 officers will take place on Monday, and at the same time annual reports on the Association's activities will be given. The annual meeting of New York State members of the American Bankers Association will follow. Nominations for officers were announced on May 18, with John P. Myers, President of the Plattsburg National Bank & Trust Co., Plattsburg, selected as President to succeed Eugene C. Donovan, President of the Auburn Trust Co., Auburn. E. Chester Gersten, President of the Public National Bank & Trust Co., New York City, has been nominated to be Vice-President, and Theodore Rokahr, Vice-President and Treasurer of the First Bank & Trust Co., Utica, to be Treasurer.

## Proposes Tax Credit For Life Ins. Premiums

A recommendation that the Treasury Department permit a deduction, before income taxes, for payment of life insurance premiums to some limited extent, was made on May 15 by Roswell Magill, former Under-Secretary of the Treasury and now Professor of Law at Columbia University. Mr. Magill, addressing the New York Chapter of the American Society of Chartered Life Underwriters at the Waldorf-Astoria Hotel in New York City, said that such a provision would be a logical and desirable recognition of the importance of life insurance to the average American's lifetime financial program. "A deduction for life insurance premiums," Mr. Magill said, "would be almost as justifiable as the deductions now allowed for charitable contributions." He stated, however, that any such provision should be limited to a definite percentage of income, to prevent its use in unjustified cases for deliberate tax avoidance. Mr. Magill further said:

> Under present conditions the middle class individual will have little income left after payment of living costs and income taxes. Because of existing tax schedules, however industriously he saves, he cannot build up much of a competence for his dependents. Life insurance is almost the only way he can now assure protection of his family. Hence, unless something is done to enable him to carry adequate life insurance protection, the American tradition of individual provision for one's dependents may be broken down, with great loss to the country as a whole.
>
> From the Government's standpoint, it seems entirely logical that investment in life insurance should be encouraged, because, like the purchase of War Savings Bonds, it tends to reduce the possibility of inflation. The money that goes into life insurance premiums is not used for consumption, but for investment in government and industry. As a matter of aid to the country's war effort, it is about as good an expenditure as could be made.

## 85% Of War Bonds Sold By Banks Treasury Finds

The nation's banks have sold 85% of the $5,000,000,000 of War Savings Bonds bought thus far by the public in the Treasury's war savings plan campaign, Robert W. Sparks, field director of the Treasury's War Savings Staff, stated on May 13 at a "Victory Meeting" held by the employees of the American Bankers Association in New York City. The Association's staff was awarded the Treasury's Minute-Man honor flag at the meeting for its participation in the war bond program by Nevil Ford, New York State Administrator of the Treasury's War Savings Staff. The "Victory Meeting," officially sponsored by ABA headquarters, brought together approximately 150 men and women of the Association's staff, Mr. Ford and Robert W. Sparks, field director of the Treasury's War Savings Staff, as representatives of the Treasury Department, officials of the New York State Bankers Association, and representatives of New York newspapers.

The meeting was addressed by Mr. Ford, Mr. Sparks, and Dr. Harold Stonier, ABA executive manager. It was presided over by Ed Drew, secretary of the Association's Public Relations Council. Mr. Sparks told the meeting that the Government will shortly establish increased quotas for war bond sales. The June quota will be $800,000,000, and July's will be $1,000,000,000.

## Chase Employees Give Red Cross Ambulance

A fully equipped field ambulance purchased with funds contributed by the employees of the Chase National Bank was presented to the American Red Cross at the annual meeting of the Chase Bank Club in the grand ballroom of the Waldorf-Astoria Hotel. H. Donald Campbell, President of the Bank, made the formal presentation of the ambulance, which was unveiled on the ballroom floor. It was accepted on behalf of the Red Cross by Miss Jean Arnot Reid, Assistant Treasurer of the New York Chapter.

After the ceremony, ten Chase employees received awards as winners in the seventeenth annual Henry W. Cannon prize competition—a general examination on banking and financial subjects. Fred N. Garrett, Jr., won first prize and the others who received awards were, in order of their rating: Herbert P. von der Porten, George J. Suter, William H. Promann, Clifton B. Wilburn, Horace A. Foulks, Samuel E. Shaw, Michael J. O'Mara, Charles B. Newton, Milton S. Coe.

Another annual Chase award announced at the meeting was the Samuel H. Miller Prize, which was presented to Robert J. Pollock for attaining the highest standing among the bank's employees in the last graduating class of the American Institute of Banking.

At the conclusion of the club's business session, the new officers for the 1942-43 term were announced as follows: President, Thomas C. Moore; Vice-President, Alexander F. Jensen; Second Vice-President, Philip Schwendeman; Secretary, Lillian L. Hutchinson, and Treasurer, William Reiners.

## Heiser Heads ABA Membership Committee

George W. Heiser, Vice-President of the Manufacturers Trust Co., New York City, has been appointed Chairman of the Committee on Membership of the American Bankers Association, it is announced by Henry W. Koeneke, President of the Association. Mr. Koeneke is President of the Security Bank of Ponca City, Ponca City, Okla. Mr. Heiser succeeds Dunlap C. Clark, President of the American National Bank, Kalamazoo, Mich., who has resigned from his third term as Chairman of the Membership Committee to become a Lieutenant-Colonel in the United States Army. Mr. Heiser is now in his third year as a member of the committee.

## FDR Signs WAAC Bill—Mrs. Hobby To Head Corps

President Roosevelt on May 15 signed the legislation creating a Women's Army Auxiliary Corps of 150,000 members for service with the U. S. Army. The House passed this bill on March 17 and the Senate adopted it on May 12, as was reported in these columns May 14, page 1860.

Secretary of War Stimson on May 15 named Mrs. Oveta Culp Hobby of Houston, Texas, as Director of the WAAC with the rank of Major. Mrs. Hobby, who had headed the women's interest division of the War Department, was sworn into her new post on May 16 at a ceremony in the Department. The oath was administered by Maj. Gen. Myron C. Cramer, Judge Advocate General of the Army, in the presence of Secretary Stimson and Gen. George C. Marshall, Chief of Staff.

The first group of officer candidates, numbering about 400, are expected to begin an eight-week course at Fort Des Moines, Iowa, around July 15. The first basic training course for auxiliaries will get under way about Sept. 15.